

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) February 22, 2017

Fiesta Restaurant Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-35373	90-0712224
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
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14800 Landmark Boulevard, Suite 500, Dallas, Texas		75254
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code (972) 702-9300

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 27, 2017, Fiesta Restaurant Group, Inc. (the "Company") issued a press release announcing financial results for its fourth fiscal quarter and full year ended January 1, 2017. The entire text of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

Appointment of Chief Executive Officer

On February 27, 2017, the Company announced that Richard C. Stockinger has been appointed Chief Executive Officer and President of the Company, effective February 28, 2017. From 2014 until 2017, Mr. Stockinger, age 58, served as a consultant to Bruckmann, Rosser, Sherrill & Co., a private equity firm, and Not Your Average Joe's, a private company where Mr. Stockinger is currently a member of its board of directors. Mr. Stockinger also served as Chief Executive Officer and President of Benihana Inc. ("Benihana") from 2009 until 2014, a member of the Board of Directors of Benihana from 2008 until 2014, a member of the Audit Committee of Benihana from 2008 until 2009 and Chairman of the Board of Directors of Benihana from 2010 until 2012. Mr. Stockinger was President of Patina Restaurant Group from 2003 until 2008. Other than Mr. Stockinger's employment with the Company, Mr. Stockinger does not have any other relationships with the Company that would be required to be reported pursuant to Item 404(a) of Regulation S-K.

On February 24, 2017, the Company entered into an Executive Employment Agreement (the "Employment Agreement") with Mr. Stockinger. Pursuant to the Employment Agreement, Mr. Stockinger will earn a base salary of \$550,000 per year which can be increased at the sole discretion of the Company's Compensation Committee of the Board of Directors (the "Compensation Committee"). Pursuant to the Employment Agreement, Mr. Stockinger will (i) be eligible to receive a short term cash incentive bonus, intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), equal to at least 100% of Mr. Stockinger's then base salary based upon attainment of objectives to be established by the Compensation Committee, (ii) receive a grant of restricted common stock of the Company on March 6, 2017 pursuant to the Company's 2012 Stock Incentive Plan with a value of \$3,000,000 (based on the closing price of the Company's common stock on such date) which will consist of 50% time-based restricted stock of the Company vesting 25% on each anniversary date over four years and 50% performance-based restricted stock units of the Company vesting 25% on each anniversary date of four years if the performance conditions and metrics, which are to be determined by the Compensation Committee, are achieved and (iii) commencing with the Company's 2021 fiscal year (or such earlier time as may be determined by the Compensation Committee in its sole discretion), will be entitled to receive additional annual long term incentive awards as may be determined by the Compensation Committee.

The Employment Agreement provides that if Mr. Stockinger's employment with the Company is terminated by the Company for Cause (as defined in the Employment Agreement) or if his employment with the Company ends due to death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) or voluntary termination of employment by Mr. Stockinger without Good Reason (as defined in the Employment Agreement), he shall be entitled to receive (i) any earned but unpaid compensation, (ii) solely with respect to Executive's termination for death or "permanent and total disability", any earned but unpaid bonus for any completed year prior to the date of termination and (iii) any other amounts or benefits owing to Mr. Stockinger under the terms of any employee benefit plan of the Company or, in the case of equity-based compensation awards, under the terms of the equity award plan or applicable award agreement (the "Accrued Benefits").

The Employment Agreement also provides that if Mr. Stockinger's employment with the Company is terminated by the Company without Cause or for reasons other than death or "permanent and total disability" or is voluntarily terminated by Mr. Stockinger for Good Reason, he shall be entitled to receive (i) 1.5 times his then base salary, to be paid at least monthly, (ii) any earned but unpaid bonus for any completed year prior to the date of termination plus a pro rata portion of any annual bonus that Mr. Stockinger would have been entitled to receive with respect to the fiscal year of termination had his employment not been terminated, (iii) the payment by the Company of premium payments for a period of up to twelve months if Mr. Stockinger and his dependents elect coverage under the Company's health insurance plan pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), (iv) executive outplacement services in an amount not to exceed \$25,000 to be incurred no later than the end of the second year following the year of termination and (v) the Accrued Benefits.

If within one year after the occurrence of a Change of Control (as defined in the Employment Agreement), Mr. Stockinger's employment with the Company is terminated by the Company without Cause and for reasons other than death or "permanent and total disability" or is voluntarily terminated by Mr. Stockinger for Good Reason, then Mr. Stockinger shall be entitled to (i) 2.0 times his then base salary, payable in a lump sum (ii) any earned but unpaid bonus for any completed year prior to the date of

termination plus a pro rata portion of any annual bonus that Mr. Stockinger would have been entitled to receive with respect to the fiscal year of termination had his employment not been terminated, (iii) the acceleration of the vesting provisions of Mr. Stockinger's outstanding unvested time-based restricted stock awards, (iv) the acceleration of the vesting provisions of a portion of Mr. Stockinger's outstanding performance-based restricted stock unit awards that would have vested as of the scheduled vesting date if the Company were to have achieved the target performance level for the performance period, if (x) such awards are not continued by the Committee or not assumed or replaced in an equitable manner by the successor entity after a Change of Control or (y) such awards are continued by the Committee, or are assumed or replaced in an equitable manner by the successor entity after a Change of Control and, within one year after the date of Change of Control, Mr. Stockinger's employment is terminated without Cause and for reasons other than death or "permanent disability" or voluntarily terminated by Mr. Stockinger for Good Reason, (v) the payment by the Company of premium payments for a period of up to twelve months if Mr. Stockinger and his dependents elect coverage under the Company's health insurance plan pursuant to COBRA, (vi) executive outplacement services in an amount not to exceed \$25,000 to be incurred no later than the end of the second year following the year of termination and (vii) the Accrued Benefits.

Mr. Stockinger, pursuant to the Employment Agreement, agreed, for a period of two years following his termination of employment with the Company, not to directly or indirectly solicit for employment or employ any person who is or was employed by the Company within six months prior to his termination date.

Additionally, under the Employment Agreement, Mr. Stockinger agreed for a period of eighteen months following his termination of employment with the Company, not to be employed by or associated with as employee, consultant, director, or in any other equivalent capacity, any company operating Tex-Mex or Mexican-themed quick-service, quick-casual, fast-casual or casual dining restaurants, or any company operating Caribbean or Hispanic-themed quick-service, quick-casual, fast-casual or casual dining restaurants which feature grilled chicken as the primary or central menu item.

The foregoing summary of the Employment Agreement is qualified in its entirety by reference to the full text of the Employment Agreement, which is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

Appointment of Chief Operating Officer

On February 27, 2017, the Company announced that Danny Meisenheimer, the former Interim Chief Executive Officer and President of the Company and Chief Operating Officer, Pollo Tropical was appointed Chief Operating Officer and Senior Vice President of the Company effective February 28, 2017. Mr. Meisenheimer, age 56, served as the Company's Interim Chief Executive Officer and President from September 30, 2016 until February 28, 2017 and served as Chief Operating Officer of Pollo Tropical from 2013 until 2017. Mr. Meisenheimer, also served as Pollo Tropical's Interim Chief Operating Officer from 2012 until 2013. In 2012, Mr. Meisenheimer served as Pollo Tropical's Chief Brand Officer. Mr. Meisenheimer was Chief Operating Officer at Souper Salad, Inc. from 2010 to 2012 and Chief Brand Officer at Souper Salad, Inc. from 2008 to 2010. Mr. Meisenheimer was Vice President, Brand Management at Pizza Inn, Inc. from 2005 to 2008. Other than Mr. Meisenheimer's employment with the Company, Mr. Meisenheimer does not have any other relationships with the Company that would be required to be reported pursuant to Item 404(a) of Regulation S-K.

Appointment of Additional Board Member

On February 22, 2017, the board of directors (the "Board") of the Company appointed Paul E. Twohig as a Class I member of the Board effective February 28, 2017 to fill the vacancy created by the retirement of Timothy P. Taft. Mr. Twohig was also appointed to serve on the Corporate Governance and Nominating Committee and the Compensation Committee of the Board. Mr. Twohig has served as President, Dunkin' Donuts US and Canada of Dunkin' Brands Group, Inc. ("Dunkin' Brands") since 2012. Mr. Twohig served as Interim President, Europe and Latin America of Dunkin' Brands from 2014 until 2015 and Chief Operating Officer, Dunkin' Donuts US and Brand Operating Officer of Dunkin' Brands from 2009 until 2011. Mr. Twohig also served as a consultant to MOD Pizza in 2009 and as Senior Vice President, Eastern Division of Starbucks Corporation from 2005 until 2009. Mr. Twohig also served as Chief Operating Officer and Executive Vice President of Panera Bread Company from 2003 until 2004. Mr. Twohig does not have any other relationships with the Company that would be required to be reported pursuant to Item 404(a) of Regulation S-K. With over 30 years of experience in the restaurant industry, Mr. Twohig brings to the Company and the Board significant leadership, management, operational, financial, marketing, franchising and brand management experience.

Appointment of Chairman of the Board

On February 27, 2017, the Company announced that Stacey Rauch, a current member of the Board, has been appointed non-executive Chairman of the Board effective February 28, 2017.

ITEM 8.01. OTHER EVENTS.

On February 27, 2017, the Company issued a press release announcing the appointment of Mr. Stockinger as the Company's Chief Executive Officer and President, Mr. Meisenheimer as Chief Operating Officer and Senior Vice President, Mr. Twohig as a member of the Board and Ms. Rauch as non-executive Chairman of the Board, the entire text of which is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

10.1 Executive Employment Agreement dated as of February 24, 2017 between Fiesta Restaurant Group, Inc. and Richard Stockinger.+

99.1 Fiesta Restaurant Group, Inc. Press Release, dated February 27, 2017

99.2 Fiesta Restaurant Group, Inc. Press Release, dated February 27, 2017

+ Compensatory plan or arrangement

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 hereunto duly authorized.

FIESTA RESTAURANT GROUP, INC.

Date: February 27, 2017

By: /s/ Lynn S. Schweinfurth

Name: Lynn S. Schweinfurth

Title: Senior Vice President, Chief Financial Officer and Treasurer

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“ Agreement ”) is made and entered effective as of the 24th day of February 2017, by and between Fiesta Restaurant Group, Inc., a Delaware Corporation (the “ Company ”) and Richard Stockinger (the “ Executive ”).

WHEREAS , the Company desires to employ Executive as its Chief Executive Officer and President and Executive desires to accept such employment on the terms provided below;

NOW THEREFORE , in consideration of the recitals and the mutual agreements herein set forth, the Company and the Executive agree as follows:

**ARTICLE 1
EMPLOYMENT, TERM**

1.1 Employment . The Company hereby employs Executive and Executive accepts employment as Chief Executive Officer and President of the Company reporting solely and directly to the Company’s Board of Directors (the “ Board ”). In his capacity as Chief Executive Officer and President of the Company, Executive shall have such authority and duties as are customarily assigned to the chief executive officer and president of comparable companies and as required by the certificate of incorporation and by-laws of the Company and as may be assigned to Executive from time to time by the Board consistent with his position. Executive shall devote his full business time and attention to the business and affairs of the Company. Executive shall perform his duties from the Company’s principal offices located in Dallas, Texas and Executive shall be available to travel as the needs of the business require.

1.2 Term . The term of this Agreement shall commence on February 28, 2017 (the “ Commencement Date .”) and shall continue until the date of Executive’s termination of employment with the Company.

1.3 Compensation and Benefits . During the term of this Agreement, the Executive shall be entitled to the compensation and benefits described in Exhibit A attached hereto.

**ARTICLE 2
TERMINATION OF EMPLOYMENT AND SEVERANCE BENEFITS**

2.1 Termination by the Company for Cause or Termination by the Executive without Good Reason, Death, or Disability . If the Executive’s employment is terminated by the Company for Cause, or if his employment with the Company ends due to death, "permanent and total disability" (within the meaning of Section 22(e)(3) of Internal Revenue Code of 1986, as amended the “ Code ”), or voluntary termination of employment by the Executive without Good Reason then the Executive shall only be entitled to: (i) any earned but unpaid compensation through the date of termination; (ii) solely with respect to Executive’s termination for death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), any earned but unpaid bonus for any completed year prior to the date of termination; (iii) any other amounts or benefits owing to Executive under the terms of any employee benefit plan of the Company or, in the case of equity-based compensation awards, under the terms of the equity award plan or applicable award agreement; and (iv) any indemnification and advancement rights Executive may have as a former employee, officer or director of the Company or its subsidiaries or affiliated companies including, without limitation, any rights arising pursuant to the certificate of incorporation, bylaws and any other organizational documents of the Company or any of its subsidiaries, and (v) any claims for benefits that Executive may have under any directors’ and officers’ liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy (the “ Accrued Benefits .”). For purposes of this Agreement, Accrued Benefits shall include any unused vacation time which has accrued during the year of termination of employment in which the Executive’s employment is terminated, but shall not include any accrued vacation from prior years.

2.2 Termination by the Company without Cause or by the Executive for Good Reason . If the Executive’s employment with the Company is terminated by the Company without Cause and for reasons other than death or "permanent and total disability" (within the meaning Section 22(e)(3) of the Code) or is voluntarily terminated by the Executive for Good Reason, then

the Executive shall be entitled to the Severance Benefits as described in Section 2.4 herein as well as his Accrued Benefits (except as otherwise may be provided in connection with a Change of Control pursuant to Section 2.3).

2.3 Termination Upon a Change of Control. If within one year after the occurrence of a Change of Control the Executive's employment with the Company is terminated by the Company without Cause and for reasons other than death or "permanent and total disability" (within the meaning Section 22(e)(3) of the Code) or is voluntarily terminated by the Executive for Good Reason, then the Executive shall be entitled to the Change of Control Severance Benefits as described in Section 2.5 herein as well as his Accrued Benefits.

2.4 Severance Benefits. In the event that the Executive becomes entitled to receive severance benefits, as provided in Section 2.2 herein, the Company shall pay and provide the Executive with the following "Severance Benefits":

- (1) Within 35 days after the date of termination of Executive's employment with the Company and for a period of twelve (12) months after such date, an amount equal to one-twelfth (1/12th) of 1.5 times the Executive's then current base salary, less any taxes and withholding as may be necessary pursuant to law, to be paid in accordance with the Company's normal payroll practices, but in no event less frequently than monthly.
- (2) Any earned but unpaid bonus for any completed year prior to the date of termination, and a pro rata portion of any annual bonus that Executive would have been entitled to receive with respect to the fiscal year of termination had his employment not been terminated, based upon the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment. Each such bonus shall be paid at the same time it would have been paid had the Executive's employment not been terminated.
- (3) To the extent Executive and his dependents elect coverage under the Company's health insurance plan pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Company shall pay the COBRA premium payments of Executive and his dependents for a period of up to twelve months (12) months after the date of Executive's termination of employment with the Company.
- (4) Executive outplacement services in an amount not to exceed \$25,000, to be incurred no later than the end of the second year following the year of termination, and any such reimbursements shall be made no later than the end of the third year following the year of termination.

As a condition to receiving payments contemplated by this Article 2.4, within 30 days after the effective date of such termination Executive shall execute and deliver, and not have revoked, a separation agreement and general release in the form attached hereto as Exhibit B. The Severance Benefits shall terminate immediately upon (i) any violation by Executive of Section 3.1 or Section 3.2 of this Agreement or (ii) any violation by Executive in any material respect of Section 3.3 or Section 3.4 of this Agreement, in each case following receipt of written notice of such violation and a reasonable opportunity to cure (to the extent its capable of being cured), but in no event shall such opportunity to cure exceed ten (10) days following receipt of such written notice. Notwithstanding anything herein to the contrary, in the event such 30-day period falls into two (2) calendar years, the payments contemplated in this Article 2.4 shall not commence until the second calendar year and within the above-referenced 30-day period.

2.5 Change of Control Severance Benefits. In the event that the Executive becomes entitled to receive severance benefits, as provided in Section 2.3 herein, then in lieu of the severance benefits described in Section 2.4, the Company shall pay and provide the Executive with the following "Change of Control Severance Benefits":

- (1) Within 35 days after the date of termination of Executive's employment with the Company, an amount equal 2.0 times the Executive's then current base salary, less any taxes and withholding as may be necessary pursuant to law, payable in a lump sum.
 - (2) Any earned but unpaid bonus for any completed year prior to the date of termination, and a pro rata portion of any annual bonus that Executive would have been entitled to receive with respect to the fiscal year of termination had his employment not been terminated, based upon the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment. Each such bonus shall be paid in a lump sum at the same time it would have been paid had the Executive's employment not been terminated.
 - (3) The vesting provisions on all of the Executive's outstanding unvested time-based restricted stock awards shall be accelerated and such shares of restricted stock will become fully vested and free of all restrictions.
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- (4) To the extent Executive and his dependents elect coverage under the Company's health insurance plan pursuant to COBRA, the Company shall pay the COBRA premium payments of Executive and his dependents for a period of up to twelve months (12) months after the date of Executive's termination of employment with the Company.
- (5) Executive outplacement services in an amount not to exceed \$25,000, to be incurred no later than the end of the second year following the year of termination, and any such reimbursements shall be made no later than the end of the third year following the year of termination.
- (6) With regard to all of the Executive's outstanding performance-based restricted stock unit awards, if the performance-based restricted stock unit awards:

(i) are not continued by the Compensation Committee of the Board (the "Committee"), or not assumed or replaced in an equitable manner to the holder by the successor entity or company after a Change of Control, then a portion of such performance-based restricted stock unit award that would have vested as of the scheduled vesting date if the Company were to have achieved the target performance level for the performance period shall immediately vest, and

(ii) are continued by the Committee, or are assumed or replaced in an equitable manner to the holder by the successor entity or company after a Change of Control and if Executive's employment is terminated within one year after the date of the occurrence of a Change of Control by the Company without Cause and for reasons other than death or "permanent disability" (within the meaning of Section 22(e)(3) of the Code) or voluntarily, by the Executive for Good Reason, a portion of such performance-based restricted stock unit award that would have vested as of the scheduled vesting date if the Company were to have achieved the target performance level for the performance period shall immediately vest.

As a condition to receiving payments contemplated by this Article 2.5, within 30 days after the effective date of such termination Executive shall execute and deliver, and not have revoked, a separation agreement and general release in the form attached hereto as Exhibit B. The Change of Control Severance Benefits shall terminate immediately upon (i) any violation by Executive of Section 3.1 or Section 3.2 of this Agreement or (ii) any violation by Executive in any material respect of Section 3.3 or Section 3.4 of this Agreement, in each case following receipt of written notice of such violation and a reasonable opportunity to cure (to the extent its capable of being cured), but in no event shall such opportunity to cure exceed ten (10) days following receipt of such written notice. Notwithstanding anything herein to the contrary, in the event such 30-day period falls into two (2) calendar years, the payments contemplated in this Article 2.5 shall not commence until the second calendar year and within the above-referenced 30-day period.

2.6 Good Reason. For purposes of this Agreement, "Good Reason" shall mean any of the following conditions arising without the consent of Executive, provided that Executive has first given written notice to the Company of the existence of the condition within 90 days of its first occurrence, and the Company has failed to remedy the condition within 30 days thereafter:

- (1) a diminution in the Executive's base salary or bonus opportunities;
- (2) a material diminution in the Executive's authority, duties, or responsibilities;
- (3) relocation of Executive's principal office more than 50 miles from its current location;
- (4) a requirement that Executive report to anyone other than the Board; or
- (5) any other action or inaction that constitutes a material breach by the Company of any terms or conditions of any agreement between the Company and the participant, which breach has not been caused by Executive.

However, none of the foregoing events or conditions will constitute Good Reason unless: (x) the Executive provides the Company with written objection to the event or condition within 90 days following Executive's becoming aware of the occurrence thereof, (y) the Company does not reverse or cure the event or condition within 30 days of receiving that written objection, and (z) the Executive resigns his employment within 30 days following the expiration of that cure period.

2.7 Cause. For purposes of this Agreement, "Cause" shall be deemed to exist upon any of the following events: (i) the Executive's conviction of, or plea of nolo contendere, to a felony, (ii) the Executive's continued substance abuse or insobriety, (iii) failure to substantially perform Executive's essential job functions (other than on account of medical condition or approved absence); (iv) failure of Executive to adhere to lawful directives of the Board, (v) Executive's willful and material misconduct or gross negligence, (vi) a material violation of any Company policy, or (v) any material breach of this Agreement. The Board must

provide 30 days written notice of its intent to terminate the Executive's employment for Cause and afford Executive a reasonable opportunity to appear before the Board (with his counsel) to discuss the circumstances of such termination. Prior to being terminated for Cause, the Executive shall have 30 days following the receipt of such written notice to cure any curable event that would otherwise constitute Cause.

2.8 Change of Control. For purposes of this Agreement, "Change of Control" shall occur or be deemed to have occurred only if any of the following events occur:

(A) The acquisition, directly or indirectly, by any person or group (as those terms are defined in Sections 3(a)(9), 13(d) and 14(d) of the Securities Exchange Act of 1934 as amended (the "Exchange Act") and the rules thereunder) of beneficial ownership (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors (voting securities) of the Company that represent 50% or more of the combined voting power of the Company's then outstanding voting securities, other than:

- (1) An acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company; or
- (2) An acquisition of voting securities by the Company or a corporation owned, directly or indirectly by all of the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company.

Notwithstanding the foregoing, the following event shall not constitute an acquisition by any person or group for purposes of this subsection: an acquisition of the Company's securities by the Company which causes the Company's voting securities beneficially owned by a person or group to represent 50% or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that if a person or group shall become the beneficial owner of 50% or more of the combined voting power of the Company's then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute a Change of Control; or

(B) Individuals who, as of or immediately following the Commencement Date, constitute the Board of Directors of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to such date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors on the Board of Directors) shall be, for purposes of this definition, considered as though such person were a member of the Incumbent Board; or

(C) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) the acquisition of assets or stock of another entity, in each case other than a transaction:

- (1) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by the remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction; and
- (2) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(D) A sale or disposition of all or substantially all of the Company's assets; or

(E) The Company's stockholders approve a liquidation or dissolution of the Company.

However, to the extent necessary for the Executive to avoid adverse tax consequences under Section 409A of the Code, and its implementing regulations and guidance ("Section 409A"), a Change of Control shall not be deemed to occur unless it constitutes a "change in the ownership or effective control of a corporation or in the ownership of a substantial portion of the assets of a corporation" under Treas. Reg. Section 1.409A-3(i)(5), as revised from time to time.

ARTICLE 3 RESTRICTIVE COVENANTS

3.1 Covenant not to Compete. Executive agrees that, during Executive's employment with the Company and for a period of eighteen (18) months following his termination of employment with the Company, and subject to the Company's complying with its obligations to pay any applicable severance benefits, Executive shall not be employed by or associated with as employee, consultant, director, or in any other equivalent capacity, any company operating Tex-Mex or Mexican-themed quick-service, quick-casual, fast-casual or casual dining restaurants, or any company operating Caribbean or Hispanic-themed quick-service, quick-casual, fast-casual or casual dining restaurants which feature grilled chicken as the primary or central menu item.

3.2 Covenant not to Solicit. Executive agrees that, for a period of two (2) years following his termination of employment with the Company, Executive will not directly or indirectly solicit for employment or employ any person, who is or was employed by the Company within (6) six months prior to his termination date, in any business in which the Executive has a material interest, direct or indirect, as an officer, partner, shareholder or beneficial owner. Further, Executive will not assist any other person or entity, in hiring or soliciting such employees, even if Executive does not have a material interest or is an officer, partner, shareholder or owner. This restriction shall not apply to general solicitation of non-executive employees that are not directed to specific employees and are made in the ordinary course of business.

3.3 Confidentiality and Nondisclosure. The Executive will not use or disclose to any individual or entity any Confidential Information (as defined below) except (i) in the performance of Executive's duties for the Company, (ii) as authorized in writing by the Company, (iii) as required by subpoena or court order, provided that, prior written notice of such required disclosure is provided to the Company and, provided further that all reasonable efforts to preserve the confidentiality of such information shall be made, or (iv) in order to enforce and defend Executive's rights under this Agreement. As used in this Agreement, "Confidential Information" shall mean information that (i) is used or potentially useful in the business of the Company, (ii) the Company treats as proprietary, private or confidential, and (iii) is not generally known to the public. "Confidential Information" includes, without limitation, information relating to the Company's products or services, processing, manufacturing, marketing, selling, customer lists, call lists, customer data, memoranda, notes, records, technical data, sketches, plans, drawings, chemical formulae, trade secrets, composition of products, research and development data, sources of supply and material, operating and cost data, financial information, personal information and information contained in manuals or memoranda. "Confidential Information" also includes proprietary and/or confidential information of the Company's customers, suppliers and trading partners who may share such information with the Company pursuant to a confidentiality agreement or otherwise. The Executive agrees to treat all such customer, supplier or trading partner information as "Confidential Information" hereunder. The foregoing restrictions on the use or disclosure of Confidential Information shall continue after Executive's employment terminates for any reason for so long as the information is not generally known to the public. Pursuant to the Defend Trade Secrets Act of 2016, Executive and the Company hereby expressly acknowledge their understanding that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (x) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Notwithstanding anything in this Agreement to the contrary, Executive shall not have breached his obligations hereunder due to Executive's use of Residuals (as defined below). The term "Residuals" means Confidential Information that is in nontangible or abstract form (i.e., not digital, written or other documentary form, including tape or disk), which is retained in Executive's memory, and where the source of such Confidential Information has become remote (e.g., as a result of the passage of time or Executive's subsequent exposure to information of a similar nature from another source without any breach of any confidentiality obligation hereunder) such that Executive in good faith can no longer specifically identify such Confidential Information's source and that Executive in good faith believes is not Confidential Information.

3.4 Non-Disparagement. The Executive will not at any time during his employment with the Company, or after the termination of his employment with the Company, directly or indirectly disparage, libel, defame, ridicule or make negative comments regarding, or encourage or induce others to disparage, libel, defame, ridicule or make negative comments regarding, the Company, or any of the Company's officers, directors, employees or agents, or the Company's products, services, business plans or methods. During the Term of this Agreement and thereafter, the Company will not, directly or indirectly disparage, libel,

defame, ridicule or make negative comments regarding, or encourage or induce others to disparage, libel, defame, ridicule or make negative comments regarding, Executive. Notwithstanding the foregoing, nothing in this Section 3.4 shall prevent either party from providing truthful testimony in connection with any legal proceeding or from taking any action to enforce or defend their rights under this Agreement.

3.5 Restrictions Reasonable. Executive acknowledges that the restrictions under this Article III are substantial, and may effectively prohibit him from working for a period of two years in the field of his experience and expertise. Executive further acknowledges that he has been given access and shall continue to be given access to all of the Confidential Matters and trade secrets described above during the course of his employment, and therefore, the restrictions are reasonable and necessary to protect the competitive business interests and goodwill of the Company and do not cause Executive undue hardship.

3.6 Survival of Restrictive Covenants. Executive's obligations under this Agreement shall survive Executive's termination of employment with the Company and the termination of this Agreement.

3.7 Equitable Relief. Executive hereby acknowledges and agrees that the Company and its goodwill would be irreparably injured by, and that damages at law are an insufficient remedy for, a breach or violation of the provisions of this Agreement, and agrees that the Company, in addition to other remedies available to it for such breach shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining Executive from any actual breach of the provisions hereof, and that the Company's rights to such equitable relief shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled.

ARTICLE 4 MISCELLANEOUS

4.1 Entire Agreement. This Agreement contains the entire understanding of the Company and the Executive with respect to the subject matter hereof.

4.2 Subsidiaries. Where appropriate in this Agreement, including all of Article 2, the term "Company" shall also include any direct or indirect subsidiaries of the Company.

4.3 Compliance with Code Section 409A.

- (1) General. It is the intention of both the Company and Executive that the benefits and rights to which Executive could be entitled pursuant to this Agreement comply with Section 409A, to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention.
 - (2) Distributions on Account of Separation from Service. If and to the extent required to comply with any payment or benefit required to be paid under this Agreement on account of termination of Executive's employment, service (or any other similar term) shall be made only in connection with a "separation from service" with respect to Executive within the meaning of Section 409A.
 - (3) Six Month Delay for Specified Employees. In the event that the Executive is a "specified employee" (as described in Section 409A), and any payment or benefit payable pursuant to this Agreement constitutes deferred compensation subject to the six-month delay requirement described in Section 409A(2)(b), then no such payment or benefit shall be made before six months after the Executive's "separation from service" (as described in Section 409A) (or, if earlier, the date of the Executive's death). Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.
 - (4) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.
 - (5) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i)
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any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

4.4 Compliance with Code Section 280G. If any payment or distribution to or for the benefit of Executive, whether pursuant to this Agreement or any other agreement between Executive and the Company or any of its subsidiaries or affiliates (the “Total Payments”), is or will be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be reduced to the maximum amount that could be paid to Executive without giving rise to the Excise Tax if this would result in Executive receiving greater Total Payments on an after-tax basis (including any Excise Tax). All determinations as to whether any of the Total Payments are “parachute payments” (within the meaning of Section 280G of the Code) shall be made by a nationally recognized accounting firm selected by the Company.

4.5 Severability. It is mutually agreed and understood by the parties that should any of the restrictions and covenants contained in Article III be determined by any court of competent jurisdiction to be invalid by virtue of being vague, overly broad, unreasonable as to time, territory or otherwise, then the Agreement shall be amended retroactive to the date of its execution to include the terms and conditions which such court deems to be reasonable and in conformity with the original intent of the parties and the parties hereto consent that under such circumstances, such court shall have the power and authority to determine what is reasonable and in conformity with the original intent of the parties to the extent that such restrictions and covenants are enforceable. In the event any other provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

4.6 Modification. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company on the Company’s behalf, or by the respective parties’ legal representations and successors.

4.7 Dispute Resolution & Applicable Law. All disputes regarding this agreement shall be resolved by arbitration to be administered by the JAMS. To the extent not preempted by the laws of the United States, the terms and provisions of this agreement are governed by and shall be interpreted in accordance with, the laws of Texas, without giving effect to any choice of law principles.

4.8 Legal Fees and Expenses. The prevailing party in any arbitration to enforce the terms of this Agreement shall be entitled to recover reasonable costs and expenses, including attorneys’ fees.

4.9 Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by the Company’s successors and/or assigns.

4.10 Headings/References. The headings in this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

4.11 Notices. Any notice, request, instruction, or other document to be given hereunder shall be in writing and shall be deemed to have been given: (a) on the day of receipt, if sent by overnight courier; (b) upon receipt, if given in person; (c) five days after being deposited in the mail, certified or registered mail, postage prepaid, and in any case addressed as follows:

If to the Company:

14800 Landmark Blvd.
Suite 500
Dallas, Texas 75254
Attn: General Counsel

with a copy sent to the attention of the Chairman of the Board at the same address

If to the Executive:

Richard Stockinger

at the address on file with the Company, with a copy sent to

Kenneth Lefkowitz, Esq.
Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York, NY 10004

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

4.12 Clawback. In the event that FRGI is required to prepare an accounting restatement, FRGI shall be entitled to recover from Executive all awards of bonus payments, restricted stock and performance-based restricted stock units that would not have otherwise been made or paid to Executive under the restated financial statements.

4.13 Indemnification. If Executive is made a party to, or threatened to be made a party to, or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that Executive is or was a director or officer of the Company, or while a director or officer of the Company, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, the Company shall indemnify and hold Executive harmless (including the advancement of expenses) to the fullest extent permitted or authorized by the Company's Certificate of Incorporation or By-Laws or, if greater, by the laws of the State of Delaware, against all costs, expenses, liabilities and losses Executive incurs in connection therewith. Such indemnification shall continue even if Executive has ceased to be a director or officer of the Company or, while a director or officer of the Company and if requested by the Company, a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, and shall inure to the benefit of Executive's heirs, executors and administrators. The Company shall reimburse Executive for all costs and expenses Executive incurs in connection with any Proceeding in accordance with the Company's Certificate of Incorporation and By-Laws as in effect on the date of this Agreement.

[Signature Page To Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

FIESTA RESTAURANT GROUP, INC.

By: /S/ JOSEPH ZIRKMAN

Name: Joseph Zirkman

Title: Senior Vice President,
General

Counsel and Secretary

EXECUTIVE

/S/ RICHARD STOCKINGER

Richard Stockinger

EXHIBIT A

EXECUTIVE'S COMPENSATION AND BENEFITS

1. Base Salary : \$550,000 per year (subject to annual review and possible increase, but not decrease, from time to time by the Compensation Committee of the Board (the "Committee") in its sole discretion), payable in accordance with the Company's customary payroll practices, but in no event less frequently than monthly.
 2. Short Term Cash Incentive : Annual target bonus opportunity equal to 100% of Base Salary. For the Company's 2017 fiscal year, the Committee will retain right to exercise discretion to adjust the calculated payout based on transition success, strategy development and overall performance in the Company's 2017 fiscal year. For the Company's 2018 fiscal year and thereafter, performance metrics and criteria will be established by the Committee in its sole discretion in consultation with Executive at the beginning of each fiscal year. The annual bonus for each fiscal year will be payable in cash no later than March 15 of the following year.
 3. Long Term Incentive : Sign-on grant of restricted stock of the Company pursuant to the Company's 2012 Stock Incentive Plan with a value of \$3,000,000 using the closing price of the common stock of the Company on March 6, 2017. Grant will be 50% time-based restricted stock of the Company and 50% performance-based restricted stock units of the Company. Time-based restricted stock will vest 25% on each anniversary date over four years. Performance-based restricted stock unit award will vest 25% on each anniversary date over four years if the performance conditions and metrics are achieved. Performance conditions and metrics will be determined by the Committee during the 2nd quarter of 2017. The templates for which the forms of award agreements will be based on for the sign-on grants are attached hereto as Exhibit C. Commencing with the Company's 2021 fiscal year (or such earlier time as may be determined by the Committee in its sole discretion), Executive will be entitled to receive additional annual long term incentive awards as determined by the Committee.
 4. Vacation Time : Up to 4 weeks per year.
 5. Health & Welfare Benefits : Executive will be eligible to participate in all health and welfare benefits provided to other employees of the Company (other than any severance plans), on terms no less favorable than those provided to other members of senior management.
 6. Retirement Benefits : Executive eligible to participate in all retirement, savings and insurance benefits provided to other employees of the Company, on terms no less favorable than those provided to other members of senior management.
 7. Other Benefits : Executive will be entitled to reimbursement of all reasonable business expenses in accordance with the terms of the Company's reimbursement policies.
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EXHIBIT B

FORM OF RELEASE

GENERAL RELEASE OF CLAIMS

1. [_____] (“Executive”), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the Severance Benefits or the Change of Control Severance Benefits, as applicable, as each is defined under the Executive Employment Agreement made and entered effective as of February [___], 2017, by and between Fiesta Restaurant Group, Inc., a Delaware corporation (the “Company”) and Executive, to which this release is attached as Exhibit B (the “Employment Agreement”), does hereby release and forever discharge the Company, its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers or shareholders in such capacities (collectively with the Company, the “Released Parties”) from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Executive’s employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Executive acknowledges that the Company encouraged him to consult with an attorney of his choosing, and through this General Release of Claims encourages him to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act (“ADEA”) and that he understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under ADEA that he may have as of the date hereof. Executive further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any rights to receive any payments or benefits to which Executive is entitled under COBRA, the Employment Agreement or any other compensation or employee benefit plans in which Executive is eligible to participate at the time of execution of this General Release of Claims, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification and advancement rights Executive may have as a former employee, officer or director of the Company or its subsidiaries or affiliated companies including, without limitation, any rights arising pursuant to the certificate of incorporation, bylaws and any other organizational documents of the Company or any of its subsidiaries, (iv) any claims for benefits under any directors’ and officers’ liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, and (v) any rights as a holder of equity securities or options to acquire equity securities of the Company (clauses (i) through (v), the “Reserved Claims”).

2. Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims other than Reserved Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of any lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof (a “Proceeding”); provided, however, Executive shall not have relinquished his right to (i) commence a Proceeding to challenge whether Executive knowingly and voluntarily waived his rights under ADEA; (ii) file a charge with an administrative agency or take part in any agency investigation or (iii) commence a Proceeding pursuant to the Reserved Claims. Executive does agree, however, that he is waiving his right to recover any money in connection with such an investigation or charge filed by him or by any other individual, or a charge filed by the Equal Employment Opportunity Commission or any other federal, state or local agency, except as prohibited by law.

3. Executive hereby acknowledges that the Company has informed him that he has up to twenty-one (21) days to sign this General Release of Claims and he may knowingly and voluntarily waive that twenty-one (21) day period by signing this General Release of Claims earlier. Executive also understands that he shall have seven (7) days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company.

4. Executive acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the laws of Texas, without giving effect to any choice of law principles.

5. Executive acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

6. This General Release of Claims shall take effect on the eighth day following Executive's execution of this General Release of Claims unless Executive's written revocation is delivered to the Company within seven (7) days after such execution.

EXECUTIVE

[Name]

EXHIBIT C

FORM OF AWARD AGREEMENTS

FOR IMMEDIATE RELEASE

Investor Relations Contact:

Raphael Gross

203-682-8253

investors@frgi.com

Fiesta Restaurant Group, Inc. Reports Fourth Quarter and Full Year 2016 Results

DALLAS, Texas - (Business Wire) - February 27, 2017 - Fiesta Restaurant Group, Inc. (“Fiesta” or the “Company”) (NASDAQ: FRGI), parent company of the Pollo Tropical® and Taco Cabana® fast casual restaurant brands, today reported results for the 13-week fourth quarter and 52-week full year 2016, which ended on January 1, 2017.

Select fourth quarter 2016 results (13 weeks) as compared to fourth quarter 2015 results (14 weeks) include:

- Total revenues decreased 4.6% to \$171.3 million. Excluding the extra week in 2015, total revenues increased 2.1%;
- Comparable restaurant sales at Pollo Tropical decreased 4.0% and comparable restaurant transactions decreased 7.3%, partially attributable to Hurricane Matthew which negatively impacted comparable restaurant transactions by approximately 1.3% and sales cannibalization that negatively impacted comparable restaurant transactions by approximately 1.1%;
- Comparable restaurant sales at Taco Cabana decreased 3.5% and comparable restaurant transactions decreased 4.5%;
- Six Company-owned Pollo Tropical and two Company-owned Taco Cabana restaurants were opened;
- Net income of \$2.4 million, or \$0.09 per diluted share, compared to net income in the prior year period of \$8.8 million, or \$0.33 per diluted share; and
- Adjusted net income of \$7.3 million, or \$0.27 per diluted share, compared to adjusted net income in the prior year period of \$10.5 million, or \$0.39 per diluted share (see non-GAAP reconciliation table below).

Select full year 2016 results (52 weeks) as compared to full year 2015 results (53 weeks) include:

- Total revenues increased 3.5% to \$711.8 million. Excluding the extra week in 2015, total revenues increased 5.4%;
- Comparable restaurant sales at Pollo Tropical decreased 1.6% and comparable restaurant transactions decreased 3.1%, partially due to sales cannibalization that negatively impacted comparable restaurant transactions by approximately 1.5%;
- Comparable restaurant sales at Taco Cabana decreased 2.5% and comparable restaurant transactions decreased 3.6%;
- 32 Company-owned Pollo Tropical and four Company-owned Taco Cabana restaurants were opened;
- Net income of \$16.7 million, or \$0.62 per diluted share, compared to net income in the prior year of \$38.5 million, or \$1.44 per diluted share; and
- Adjusted net income of \$34.8 million, or \$1.29 per diluted share, compared to adjusted net income in the prior year of \$41.0 million, or \$1.53 per diluted share (see non-GAAP reconciliation table below).

Fourth Quarter 2016 Financial Review*Consolidated Results*

Total revenues decreased 4.6% to \$171.3 million from \$179.5 million compared to the prior year period as sales contributions from 26 net Company-owned restaurant openings were offset by declines in comparable restaurant sales amid continued industry-wide softness, and the effect of an extra week in 2015. Comparable restaurant sales decreased 4.0% at Pollo Tropical compared to a 0.4% gain in the prior year period and decreased 3.5% at Taco Cabana compared to a 3.3% gain in the prior year period. The extra week in 2015 contributed approximately \$11.8 million to total revenues.

Cost of sales as a percentage of restaurant sales improved 160 basis points compared to the prior year period due primarily to favorable chicken and other commodity costs and menu price increases.

Restaurant wages and related expenses as a percentage of restaurant sales increased 50 basis points compared to the prior year period due primarily to higher labor costs, including the impact of new Company-owned restaurants and sales deleverage, partially offset by lower workers compensation, incentive based compensation and medical expenses.

Other restaurant operating expenses as a percentage of restaurant sales increased 90 basis points compared to the prior year period due primarily to higher repair and maintenance and insurance costs, and sales deleverage.

Restaurant rent expense as a percentage of restaurant sales increased 100 basis points compared to the prior year period due primarily to new Company-owned restaurants, which generally have higher rent, and sales deleverage.

General and administrative expenses increased \$0.6 million to \$13.5 million compared to the prior year period due primarily to higher labor costs and infrastructure investment expenses associated with current and future growth and financial and legal advisory fees associated with the Company's review of strategic alternatives, partially offset by performance-based compensation expense. As a percentage of revenues, general and administrative expenses increased 70 basis points compared to the prior year period.

The Company recognized impairment and other lease charges of \$7.0 million in the fourth quarter of 2016 that included \$4.5 million related to the 16 Pollo Tropical restaurants that were previously impaired in the third quarter, \$1.5 million related to one additional Pollo Tropical restaurant and \$1.0 million primarily related to six Taco Cabana restaurants with declining sales.

Many new Pollo Tropical restaurants in its emerging markets have opened at lower sales volumes than expected and have not yet achieved the sales volumes required to generate positive cash flows. Pollo Tropical's emerging markets include Atlanta, Nashville and Texas. Generally, restaurants in Atlanta have performed better than restaurants in Nashville and Texas due primarily to higher average sales volumes and lower average wage rates, rent expense and real estate taxes. Combined carrying values of the restaurants in Atlanta, Nashville and Texas are \$26.7 million, \$3.2 million and \$48.3 million respectively.

Pollo Tropical has initiated operational and transactional growth plans to drive improved performance in the emerging markets with strategies focused on enhancing guest experience and brand recognition and will continue to evaluate the long-term viability of these markets. The Company's estimates of future cash flows for restaurants that were not impaired assume these plans will succeed and sales will reach the levels required to generate cash flows that exceed the carrying value of the restaurants. Our cash flow projections include, among other things, significant sales growth as the result of the introduction of broadcast media, dedicated sales positions to build the brand's catering business, increased frequency with the launch of a loyalty program, third party delivery and local store marketing. If these assumptions change in the future or the performance of the restaurants does not improve as projected, an impairment charge could be recognized in future periods, and such charge could be material.

Thirteen Pollo Tropical restaurants open more than twelve months in markets outside of Florida with a combined carrying value of \$22.0 million have projected cash flows that exceed the restaurant's carrying value by a small margin. The thirteen restaurants contributed approximately \$6.1 million in operating losses to income from operations, including \$2.7 million in depreciation expense, for the twelve months ended January 1, 2017. In addition, 16 Pollo Tropical restaurants opened during 2016 in markets outside of Florida with a combined carrying value of \$30.2 million have initial sales volumes lower than expected, but do not have significant operating history to form a good basis for future projections. The 16 restaurants contributed approximately \$6.0 million in operating losses to income from operations, including \$1.5 million in depreciation expense and \$2.9 million in pre-opening costs, for the twelve months ended January 1, 2017. If expected performance improvements are not realized, an impairment charge may be recognized in future periods, and such charge could be material.

In addition, three Taco Cabana restaurants with a combined carrying value of \$2.5 million have projected cash flows that exceed the restaurants carrying value by a small margin. These restaurants contributed approximately \$0.4 million in operating losses to income from operations, including \$0.3 million in depreciation expense, for the twelve months ended January 1, 2017.

The effective tax rate for 2016 of 33.3% decreased as compared to an effective tax rate for 2015 of 36.4%, due primarily to the impact of tax credits on lower income before taxes and various other changes in permanent items.

Net income was \$2.4 million, or \$0.09 per diluted share, compared to net income of \$8.8 million, or \$0.33 per diluted share, in the prior year period.

Adjusted net income, a non-GAAP financial measure, was \$7.3 million, or \$0.27 per diluted share, compared to adjusted net income of \$10.5 million, or \$0.39 per diluted share, in the prior year period (see non-GAAP reconciliation table below).

Brand Results

Pollo Tropical restaurant sales decreased 1.1% to \$95.6 million in the quarter compared to the prior year period due primarily to a comparable restaurant sales decrease of 4.0% and the effect of an extra week in 2015 of approximately \$6.5 million, offset by sales contributions from 22 net Company-owned restaurant openings. The decrease in comparable restaurant sales resulted from a 7.3% decrease in comparable restaurant transactions, partially offset by a 3.3% increase in average check. Hurricane Matthew negatively impacted comparable restaurant transactions by approximately 1.3% and sales cannibalization from new restaurants on existing restaurants negatively impacted comparable restaurant transactions by approximately 1.1%. Average check was primarily driven by menu price increases that positively impacted restaurant sales by 1.8%. Adjusted EBITDA for Pollo Tropical, a non-GAAP financial measure, decreased 10.7% to \$13.7 million compared to the prior year period (see non-GAAP reconciliation table below).

Taco Cabana restaurant sales decreased 8.7% to \$75.0 million in the quarter compared to the prior year period due primarily to a comparable restaurant sales decrease of 3.5% and the effect of an extra week in 2015 of approximately \$5.3 million, offset by sales contributions from four Company-owned restaurant openings. The decrease in comparable restaurant sales resulted from a 4.5% decrease in comparable restaurant transactions and an increase in average check of 1.0%. Average check was driven by menu price increases that positively impacted restaurant sales by 2.5%. Adjusted EBITDA for Taco Cabana, a non-GAAP financial measure, decreased 21.6% to \$7.6 million compared to the prior year period (see non-GAAP reconciliation table below).

Full Year 2016 Financial Summary

Total revenues increased 3.5% to \$711.8 million compared to \$687.4 million in the prior year due to 26 net Company-owned restaurant openings. Excluding the extra week in 2015, total revenues increased 5.4%. Comparable restaurant sales decreased 1.6% at Pollo Tropical compared to a 3.8% gain in the prior year and decreased 2.5% at Taco Cabana compared to a 4.4% gain in the prior year. The decrease in comparable restaurant sales at Pollo Tropical resulted from a 3.1% decrease in comparable restaurant transactions and an increase in average check of 1.5%. The decrease in comparable restaurant sales at Taco Cabana resulted from a 3.6% decrease in comparable restaurant transactions and an increase in average check of 1.1%.

Net income decreased to \$16.7 million, or \$0.62 per diluted share, compared to \$38.5 million, or \$1.44 per diluted share, in the prior year, due primarily to impairment and other lease charges, new restaurant performance, lower comparable restaurant sales and the extra week in 2015.

Adjusted net income, a non-GAAP financial measure, was \$34.8 million, or \$1.29 per diluted share, compared to adjusted net income of \$41.0 million, or \$1.53 per diluted share, in the prior year (see non-GAAP reconciliation table below).

Restaurant Portfolio

During the fourth quarter 2016, Fiesta opened six Company-owned Pollo Tropical restaurants, four in south Florida and two in San Antonio, Texas. In addition, the Company opened two Company-owned Taco Cabana restaurants in San Antonio, Texas.

As of January 1, 2017, Fiesta had 177 Company-owned Pollo Tropical restaurants, 166 Company-owned Taco Cabana restaurants, 35 franchised Pollo Tropical restaurants in the U.S., Puerto Rico, the Bahamas, Guatemala, Guyana, Panama, Trinidad & Tobago and Venezuela and seven franchised Taco Cabana restaurants in the U.S.

Investor Conference Call Today

Incoming President and Chief Executive Officer Richard Stockinger, Senior Vice President and Chief Operating Officer Danny Meisenheimer and Senior Vice President and Chief Financial Officer Lynn Schweinfurth will host a conference call to answer questions regarding today's press releases at 5:00 p.m. ET today.

The conference call can be accessed live over the phone domestically at 877-407-0789 or internationally at 201-689-8562. A replay will be available after the call until Monday, March 6, 2017, and can be accessed domestically at 844-512-2921 or internationally at 412-317-6671. The passcode is 13654070.

The conference call will also be webcast live from the corporate website at www.frgi.com, under the investor relations section. A replay of the webcast will be available through the corporate website shortly after the call has concluded.

About Fiesta Restaurant Group, Inc.

Fiesta Restaurant Group, Inc. is the parent company of the Pollo Tropical and Taco Cabana restaurant brands. The brands specialize in the operation of fast-casual restaurants that offer distinct and unique Caribbean and Mexican inspired flavors with broad appeal at a compelling value. The brands feature made-from-scratch cooking, fresh salsa bars, drive-thru service and catering. For more information about Fiesta Restaurant Group, Inc., visit the corporate website at www.frgi.com.

Forward-Looking Statements

Except for the historical information contained in this news release, the matters addressed are forward-looking statements. Forward-looking statements, written, oral or otherwise made, represent Fiesta's expectation or belief concerning future events. Without limiting the foregoing, these statements are often identified by the words "may," "might," "believes," "thinks," "anticipates," "plans," "expects," "intends" or similar expressions. In addition, expressions of Fiesta's strategies, intentions or plans are also forward-looking statements. Such statements reflect management's current views with respect to future events and are subject to risks and uncertainties, both known and unknown. You are cautioned not to place undue reliance on these forward-looking statements as there are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond Fiesta's control. Investors are referred to the full discussion of risks and uncertainties as included in Fiesta's filings with the Securities and Exchange Commission.

FIESTA RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE AND TWELVE MONTHS ENDED JANUARY 1, 2017 AND JANUARY 3, 2016
(In thousands of dollars, except share and per share amounts)
(Unaudited)

	Three months ended (a)		Twelve months ended (a)	
	January 1, 2017	January 3, 2016	January 1, 2017	January 3, 2016
Revenues:				
Restaurant sales	\$ 170,590	\$ 178,789	\$ 708,956	\$ 684,584
Franchise royalty revenues and fees	715	723	2,814	2,808
Total revenues	<u>171,305</u>	<u>179,512</u>	<u>711,770</u>	<u>687,392</u>
Costs and expenses:				
Cost of sales	51,226	56,573	214,609	217,328
Restaurant wages and related expenses (b)	45,769	47,066	185,305	174,222
Restaurant rent expense	9,971	8,652	37,493	33,103
Other restaurant operating expenses	24,091	23,553	96,457	87,285
Advertising expense	5,293	6,088	26,800	21,617
General and administrative expenses (b)(c)	13,463	12,874	56,084	54,521
Depreciation and amortization	10,302	8,731	36,776	30,575
Pre-opening costs	804	716	5,511	4,567
Impairment and other lease charges (d)	7,037	1,901	25,644	2,382
Other expense (income), net (e)	110	—	(128)	(679)
Total operating expenses	<u>168,066</u>	<u>166,154</u>	<u>684,551</u>	<u>624,921</u>
Income from operations	3,239	13,358	27,219	62,471
Interest expense	536	544	2,171	1,889
Income before income taxes	2,703	12,814	25,048	60,582
Provision for income taxes	271	3,973	8,336	22,046
Net income	<u>\$ 2,432</u>	<u>\$ 8,841</u>	<u>\$ 16,712</u>	<u>\$ 38,536</u>
Basic net income per share	<u>\$ 0.09</u>	<u>\$ 0.33</u>	<u>\$ 0.62</u>	<u>\$ 1.44</u>
Diluted net income per share	<u>\$ 0.09</u>	<u>\$ 0.33</u>	<u>\$ 0.62</u>	<u>\$ 1.44</u>
Basic weighted average common shares outstanding	<u>26,752,695</u>	<u>26,571,943</u>	<u>26,682,227</u>	<u>26,515,029</u>
Diluted weighted average common shares outstanding	<u>26,761,450</u>	<u>26,578,553</u>	<u>26,689,179</u>	<u>26,522,196</u>

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The three and twelve month periods ended January 1, 2017 included 13 and 52 weeks, respectively, and the three and twelve month periods ended January 3, 2016 included 14 and 53 weeks, respectively.

(b) Restaurant wages and related expenses include stock-based compensation expense of \$31 and \$9 for the three month periods ended January 1, 2017 and January 3, 2016, respectively, and \$142 and \$156 for the twelve month periods ended January 1, 2017 and January 3, 2016, respectively. General and administrative expenses include stock-based compensation expense of \$618 and \$1,081 for the three month periods ended January 1, 2017 and January 3, 2016, respectively, and \$3,141 and \$4,137 for the twelve month periods ended January 1, 2017 and January 3, 2016, respectively.

(c) General and administrative expenses for the three and twelve months ended January 1, 2017, include \$381 and \$1,258, respectively, for the write-off of site costs related to locations that we decided not to develop, \$614 and \$1,580, respectively, of financial and legal advisory fees primarily related to a review of strategic alternatives and \$47 and \$947, respectively, related to a class action litigation (these amounts include legal fees and other costs, including estimated settlement charges), partially offset by \$196 and \$637, respectively, related to litigation matters and expense of \$539 in office restructuring and relocation costs for the twelve months ended January 1, 2017. General and administrative expenses for the three and twelve months ended January 3, 2016, include \$504 and \$1,633, respectively, related to a class action litigation (these amounts include legal fees and other costs, including estimated settlement charges) and \$166 and \$365, respectively, for the write-off of site costs related to locations that the Company decided not to develop.

(d) Impairment and other lease charges for the three months ended January 1, 2017, primarily include impairment charges for one Pollo Tropical restaurant and six Taco Cabana restaurants that the Company continues to operate plus additional impairment charges related to previously impaired Pollo Tropical and Taco Cabana locations as well as lease charges related to the closure of 10 Pollo Tropical restaurants in the fourth quarter of 2016, and for the twelve months ended January 1, 2017 also include impairment charges related to the closure of 10 Pollo Tropical

restaurants in the fourth quarter of 2016 and six additional Pollo Tropical restaurants and one Taco Cabana restaurant that the Company continues to operate. Impairment and other lease charges for the three and twelve months ended January 3, 2016 primarily include charges related to a restaurant closure at the end of fiscal 2015 and charges related to previously closed restaurants, and for the twelve months ended January 3, 2016 also include a charge related to the closure of a Pollo Tropical restaurant.

(e) Other expense (income), net for the three and twelve months ended January 1, 2017 , also includes costs for the removal of signs and equipment related to the closure of 10 Pollo Tropical restaurants in the fourth quarter of 2016, and for the twelve months ended January 1, 2017, also includes additional proceeds related to a location that closed in 2015 as a result of an eminent domain proceeding. Other income for the twelve months ended January 3, 2016 , primarily includes expected business interruption insurance proceeds related to a Pollo Tropical location that was temporarily closed due to a fire and a previously deferred gain from a sale-leaseback transaction that was recognized upon termination of the lease as a result of an eminent domain proceeding.

FIESTA RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of dollars, except share and per share amounts)
(Unaudited)

	January 1, 2017	January 3, 2016
Assets		
Cash	\$ 4,196	\$ 5,281
Other current assets	22,746	25,957
Property and equipment, net	270,920	248,992
Goodwill	123,484	123,484
Deferred income taxes	14,377	8,497
Other assets	5,842	3,434
Total assets	\$ 441,565	\$ 415,645
Liabilities and Stockholders' Equity		
Current liabilities	\$ 46,769	\$ 46,305
Long-term debt, net of current portion	71,423	72,612
Lease financing obligations	1,664	1,663
Deferred income sale-leaseback of real estate	27,165	30,086
Other liabilities	30,369	20,997
Total liabilities	177,390	171,663
Stockholders' equity	264,175	243,982
Total liabilities and stockholders' equity	\$ 441,565	\$ 415,645

FIESTA RESTAURANT GROUP, INC.

Supplemental Information

**The following table sets forth certain unaudited supplemental financial and other data for the periods indicated
(In thousands, except percentages) :**

	(unaudited)		(unaudited)	
	Three months ended		Twelve months ended	
	January 1, 2017	January 3, 2016	January 1, 2017	January 3, 2016
Segment revenues:				
Pollo Tropical	\$ 96,101	\$ 97,217	\$ 401,798	\$ 366,741
Taco Cabana	75,204	82,295	309,972	320,651
Total revenues	<u>\$ 171,305</u>	<u>\$ 179,512</u>	<u>\$ 711,770</u>	<u>\$ 687,392</u>
Change in comparable restaurant sales (a):				
Pollo Tropical	(4.0)%	0.4%	(1.6)%	3.8%
Taco Cabana	(3.5)%	3.3%	(2.5)%	4.4%
Average sales per Company-owned restaurant (b):				
Pollo Tropical				
Comparable restaurants (c)	\$ 602	\$ 684	\$ 2,652	\$ 2,856
New restaurants (d)	357	390	1,599	1,838
Total company-owned (e)	536	595	2,354	2,585
Taco Cabana				
Comparable restaurants (c)	\$ 455	\$ 474	\$ 1,891	\$ 1,937
New restaurants (d)	504	394	2,020	1,428
Total company-owned (e)	456	471	1,894	1,920
Income before income taxes:				
Pollo Tropical	\$ 404	\$ 8,956	\$ 4,639	\$ 38,021
Taco Cabana	2,299	3,858	21,231	22,561
Adjusted EBITDA (f):				
Pollo Tropical	\$ 13,707	\$ 15,342	\$ 55,535	\$ 59,335
Taco Cabana	7,630	9,738	38,081	39,707
Restaurant-Level Adjusted EBITDA (f):				
Pollo Tropical	\$ 21,448	\$ 22,151	\$ 90,294	\$ 90,374
Taco Cabana	12,823	14,715	58,140	60,811

(a) Restaurants are included in comparable restaurant sales after they have been open for 18 months or longer. For comparative purposes, the calculation of the changes in comparable restaurant sales is based on a 52-week fiscal year. Restaurant sales for the extra week in the fiscal quarter and year ended January 3, 2016 have been excluded for purposes of calculating the change in comparable company-owned restaurant sales.

(b) For comparative purposes, the calculation of average sales per company-owned restaurant is based on a 13 week fiscal quarter and a 52-week fiscal year. Restaurant sales for the extra week in the fiscal quarter and year ended January 3, 2016 have been excluded for purposes of calculating average annual sales per company-owned restaurant.

(c) Comparable restaurants are restaurants that have been open for 18 months or longer. Average sales for comparable Company-owned restaurants are derived by dividing comparable restaurant sales for such period for the applicable segment by the average number of comparable restaurants for the applicable segment for such period.

(d) New restaurants are restaurants that have been open for less than 18 months. Average sales for new Company-owned restaurants are derived by dividing new restaurant sales for such period for the applicable segment by the average number of new restaurants for the applicable segment for such period.

(e) Average sales for total Company-owned restaurants are derived by dividing restaurant sales for such period for the applicable segment by the average number of open restaurants for the applicable segment for such period.

(f) Adjusted EBITDA and Restaurant-Level Adjusted EBITDA are non-GAAP financial measures. Please see the reconciliation from net income to Adjusted EBITDA and Restaurant-Level Adjusted EBITDA in the table titled "Supplemental Non-GAAP Information" on the last page of this release.

FIESTA RESTAURANT GROUP, INC.

Supplemental Information

The following table sets forth certain unaudited supplemental data for the periods indicated :

	Three months ended		Twelve months ended	
	January 1, 2017	January 3, 2016	January 1, 2017	January 3, 2016
Company-owned restaurant openings:				
Pollo Tropical	6	6	32	32
Taco Cabana	2	—	4	2
Total new restaurant openings	8	6	36	34
Company-owned restaurant closings:				
Pollo Tropical	(10)	—	(10)	(1)
Taco Cabana	—	(1)	—	(7)
Net change in restaurants	(2)	5	26	26
Number of Company-owned restaurants:				
Pollo Tropical	177	155	177	155
Taco Cabana	166	162	166	162
Total Company-owned restaurants	343	317	343	317
Number of franchised restaurants:				
Pollo Tropical	35	35	35	35
Taco Cabana	7	6	7	6
Total franchised restaurants	42	41	42	41
Total number of restaurants:				
Pollo Tropical	212	190	212	190
Taco Cabana	173	168	173	168
Total restaurants	385	358	385	358

FIESTA RESTAURANT GROUP, INC.

Supplemental Information

**The following table sets forth certain unaudited supplemental financial and other data for the periods indicated
(In thousands, except percentages):**

	Three months ended			
	January 1, 2017		January 3, 2016	
		(a)		(a)
Pollo Tropical:				
Restaurant sales	\$ 95,598		\$ 96,646	
Cost of sales	30,104	31.5%	32,002	33.1%
Restaurant wages and related expenses	22,699	23.7%	22,658	23.4%
Restaurant rent expense	5,470	5.7%	4,376	4.5%
Other restaurant operating expenses	13,544	14.2%	12,653	13.1%
Advertising expense	2,346	2.5%	2,817	2.9%
Depreciation and amortization	6,544	6.8%	5,417	5.6%
Pre-opening costs	472	0.5%	699	0.7%
Impairment and other lease charges	6,029	6.3%	123	0.1%
Taco Cabana:				
Restaurant sales	\$ 74,992		\$ 82,143	
Cost of sales	21,122	28.2%	24,571	29.9%
Restaurant wages and related expenses	23,070	30.8%	24,408	29.7%
Restaurant rent expense	4,501	6.0%	4,276	5.2%
Other restaurant operating expenses	10,547	14.1%	10,900	13.3%
Advertising expense	2,947	3.9%	3,271	4.0%
Depreciation and amortization	3,758	5.0%	3,314	4.0%
Pre-opening costs	332	0.4%	17	—%
Impairment and other lease charges	1,008	1.3%	1,778	2.2%
Twelve months ended				
	January 1, 2017		January 3, 2016	
		(a)		(a)
Pollo Tropical:				
Restaurant sales	\$ 399,736		\$ 364,544	
Cost of sales	126,539	31.7%	121,689	33.4%
Restaurant wages and related expenses	93,958	23.5%	81,647	22.4%
Restaurant rent expense	19,998	5.0%	16,003	4.4%
Other restaurant operating expenses	54,198	13.6%	45,376	12.4%
Advertising expense	14,819	3.7%	9,527	2.6%
Depreciation and amortization	23,587	5.9%	18,000	4.9%
Pre-opening costs	4,837	1.2%	4,310	1.2%
Impairment and other lease charges	24,419	6.1%	510	0.1%
Taco Cabana:				
Restaurant sales	\$ 309,220		\$ 320,040	
Cost of sales	88,070	28.5%	95,639	29.9%
Restaurant wages and related expenses	91,347	29.5%	92,575	28.9%
Restaurant rent expense	17,495	5.7%	17,100	5.3%
Other restaurant operating expenses	42,259	13.7%	41,909	13.1%
Advertising expense	11,981	3.9%	12,090	3.8%
Depreciation and amortization	13,189	4.3%	12,575	3.9%
Pre-opening costs	674	0.2%	257	0.1%
Impairment and other lease charges	1,225	0.4%	1,872	0.6%

(a) Percent of restaurant sales for the applicable segment.

FIESTA RESTAURANT GROUP, INC.

Supplemental Non-GAAP Information

**The following table sets forth certain unaudited supplemental financial data for the periods indicated
(In thousands):**

Adjusted EBITDA and Restaurant-Level Adjusted EBITDA are non-GAAP financial measures. Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, impairment and other lease charges, stock-based compensation expense and other income and expense. Adjusted EBITDA for each of our segments includes an allocation of general and administrative expenses associated with administrative support for executive management, information systems and certain accounting, legal, supply chain, human resources, development and other administrative functions. Restaurant-Level Adjusted EBITDA is defined as Adjusted EBITDA excluding franchise royalty revenues and fees, pre-opening costs and general and administrative expenses (including corporate-level general and administrative expenses).

Adjusted EBITDA for each of our segments is a measure of segment profit or loss used by our chief operating decision maker for purposes of allocating resources to our segments and assessing their performance. In addition, management believes that Adjusted EBITDA and Restaurant-Level Adjusted EBITDA, when viewed with our results of operations calculated in accordance with GAAP and our reconciliation of Restaurant-Level Adjusted EBITDA and Adjusted EBITDA to net income (i) provide useful information about our operating performance and period-over-period growth, (ii) provide additional information that is useful for evaluating the operating performance of our business, and (iii) permit investors to gain an understanding of the factors and trends affecting our ongoing earnings, from which capital investments are made and debt is serviced. However, such measures are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income or cash flow from operating activities as indicators of operating performance or liquidity. Also these measures may not be comparable to similarly titled captions of other companies.

	(unaudited)		(unaudited)	
	Three months ended		Twelve months ended	
	January 1, 2017	January 3, 2016	January 1, 2017	January 3, 2016
Net income	\$ 2,432	\$ 8,841	\$ 16,712	\$ 38,536
Add:				
Depreciation and amortization	10,302	8,731	36,776	30,575
Impairment and other lease charges	7,037	1,901	25,644	2,382
Interest expense	536	544	2,171	1,889
Provision for income taxes	271	3,973	8,336	22,046
Stock-based compensation expense	649	1,090	3,283	4,293
Other expense (income), net	110	—	(128)	(679)
Adjusted EBITDA:				
Pollo Tropical	\$ 13,707	\$ 15,342	\$ 55,535	\$ 59,335
Taco Cabana	7,630	9,738	38,081	39,707
Fiesta	—	—	(822)	—
Consolidated	<u>\$ 21,337</u>	<u>\$ 25,080</u>	<u>\$ 92,794</u>	<u>\$ 99,042</u>
Add:				
Pre-opening costs	804	716	5,511	4,567
General and administrative (excluding stock-based compensation expense of \$618, \$1,081, \$3,141, and \$4,137, respectively)	12,845	11,793	52,943	50,384
Less:				
Franchise royalty revenue and fees	715	723	2,814	2,808
Restaurant-Level Adjusted EBITDA:				
Pollo Tropical	\$ 21,448	\$ 22,151	\$ 90,294	\$ 90,374
Taco Cabana	12,823	14,715	58,140	60,811
Consolidated	<u>\$ 34,271</u>	<u>\$ 36,866</u>	<u>\$ 148,434</u>	<u>\$ 151,185</u>

FIESTA RESTAURANT GROUP, INC.

Supplemental Non-GAAP Information

The following table sets forth certain unaudited supplemental financial data for the periods indicated

(In thousands of dollars, except per share amounts):

Adjusted net income and related adjusted diluted earnings per share are non-GAAP financial measures. Adjusted net income is defined as net income before impairment and other lease charges, gain on condemnation, office restructuring and relocation costs, legal settlements and related costs, financial and legal advisory fees and site development costs write-offs. Management believes that adjusted net income and related adjusted earnings per diluted share, when viewed with our results of operations calculated in accordance with GAAP (i) provide useful information about our operating performance and period-over-period growth, (ii) provide additional information that is useful for evaluating the operating performance of our business, and (iii) permit investors to gain an understanding of the factors and trends affecting our ongoing earnings, from which capital investments are made and debt is serviced. However, such measures are not measures of financial performance or liquidity under GAAP and, accordingly should not be considered as alternatives to net income or net income per share as indicators of operating performance or liquidity. Also these measures may not be comparable to similarly titled captions of other companies.

	(unaudited)							
	Three months ended							
	January 1, 2017				January 3, 2016			
	Income Before Income Taxes	Provision For Income Taxes (g)	Net Income	Diluted EPS	Income Before Income Taxes	Provision For Income Taxes (g)	Net Income	Diluted EPS
Reported - GAAP	\$ 2,703	\$ 271	\$ 2,432	\$ 0.09	\$ 12,814	\$ 3,973	\$ 8,841	\$ 0.33
<i>Adjustments: Expense (Income)</i>								
Impairment and other lease charges (a)	7,037	2,656	4,381	0.16	1,901	711	1,190	0.04
Legal settlements and related costs (d)	(149)	(56)	(93)	—	504	188	316	0.01
Financial and legal advisory fees (e)	614	232	382	0.01	—	—	—	—
Write-off of site development costs (f)	381	144	237	0.01	166	62	104	—
Adjusted - Non-GAAP	<u>\$ 10,586</u>	<u>\$ 3,247</u>	<u>\$ 7,339</u>	<u>\$ 0.27</u>	<u>\$ 15,385</u>	<u>\$ 4,934</u>	<u>\$ 10,451</u>	<u>\$ 0.39</u>

	(unaudited)							
	Twelve months ended							
	January 1, 2017				January 3, 2016			
	Income Before Income Taxes	Provision For Income Taxes (g)	Net Income	Diluted EPS	Income Before Income Taxes	Provision For Income Taxes (g)	Net Income	Diluted EPS
Reported - GAAP	\$ 25,048	\$ 8,336	\$ 16,712	\$ 0.62	\$ 60,582	\$ 22,046	\$ 38,536	\$ 1.44
<i>Adjustments: Expense (Income)</i>								
Impairment and other lease charges (a)	25,644	9,681	15,963	0.59	2,382	891	1,491	0.06
Gain on condemnation (b)	(226)	(85)	(141)	(0.01)	(389)	(145)	(244)	(0.01)
Office restructuring and relocation costs (c)	539	203	336	0.01	—	—	—	—
Legal settlements and related costs (d)	310	117	193	—	1,633	611	1,022	0.04
Financial and legal advisory fees (e)	1,580	596	984	0.04	—	—	—	—
Write-off of site development costs (f)	1,258	475	783	0.03	365	137	228	0.01
Adjusted - Non-GAAP	<u>\$ 54,153</u>	<u>\$ 19,323</u>	<u>\$ 34,830</u>	<u>\$ 1.29</u>	<u>\$ 64,573</u>	<u>\$ 23,540</u>	<u>\$ 41,033</u>	<u>\$ 1.53</u>

(a) Impairment and other lease charges for the three months ended January 1, 2017, primarily include impairment charges for one Pollo Tropical restaurant and six Taco Cabana restaurants that the Company continues to operate plus additional impairment charges related to previously impaired Pollo Tropical and Taco Cabana locations as well as lease charges related to the closure of 10 Pollo Tropical restaurants in the fourth quarter of 2016, and for the twelve months ended January 1, 2017 also include impairment charges related to the closure of 10 Pollo Tropical restaurants in the fourth quarter of 2016 and six additional Pollo Tropical restaurants and one Taco Cabana restaurant that the Company continues to operate. Impairment and other lease charges for the three and twelve months ended January 3, 2016 primarily include charges related to a

restaurant closure at the end of fiscal 2015 and charges related to previously closed restaurants, and for the twelve months ended January 3, 2016 also include a charge related to the closure of a Pollo Tropical restaurant.

(b) Gain on condemnation for the twelve months ended January 1, 2017 , includes additional proceeds related to a location that closed in 2015 as a result of an eminent domain proceeding. Gain on condemnation for the twelve months ended January 3, 2016 , primarily includes a previously deferred gain from a sale-leaseback transaction that was recognized upon termination of a lease as a result of an eminent domain proceeding.

(c) Office restructuring and relocation costs for the twelve months ended January 1, 2017 , include severance and relocation costs associated with restructuring Pollo Tropical management in Miami, Florida and Dallas, Texas.

(d) Legal settlements and related costs for the three and twelve months ended January 1, 2017 , include legal fees and other costs, including estimated settlement charges, associated with a class action litigation, partially offset by benefits related to litigation matters. Legal settlements and related costs for the three and twelve months ended January 3, 2016 , include legal fees and other costs, including estimated settlement charges, associated with class action litigation.

(e) Financial and legal advisory fees for the three and twelve months ended January 1, 2017 , include financial and legal advisory fees primarily related to a review of strategic alternatives.

(f) Site development costs write-offs for the three and twelve months ended January 1, 2017 and January 3, 2016 , include the write-off of site costs related to locations that we decided not to develop.

(g) The provision for income taxes related to the adjustments was calculated using the Company's combined federal statutory and estimated state rate of 37.8% and 37.4% for the periods ending January 1, 2017 and January 3, 2016 , respectively.

FOR IMMEDIATE RELEASE

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Fiesta Restaurant Group, Inc. Appoints Richard Stockinger CEO

Adds Highly-Qualified Industry Executive Paul Twohig to the Board

Promotes Danny Meisenheimer to Chief Operating Officer

Names Stacey Rauch Chairman of the Board

Provides Strategic Update

DALLAS, Texas - (Business Wire) - February 27, 2017 - Fiesta Restaurant Group, Inc. (“Fiesta” or the “Company”) (NASDAQ: FRGI), parent company of the Pollo Tropical® and Taco Cabana® fast casual restaurant brands, today announced new changes to its management team and Board designed to strengthen the Company and its governance, and a strategic update.

Leadership Update

The Board has appointed Richard (“Rich”) Stockinger as Chief Executive Officer of Fiesta. Mr. Stockinger served as President and Chief Executive Officer of Benihana Inc. from 2009 to 2014, a member of the Board of Directors of Benihana from 2008 to 2014, a member of the Audit Committee of Benihana from 2008 to 2009 and Chairman of the Board of Directors of Benihana from 2010 to 2012. Prior to joining Benihana, he spent more than two decades at The Patina Restaurant Group, LLC and its predecessor Restaurant Associates, Inc. during which time he served in various senior executive capacities, including as President from 2003 to 2008 and as a Director from 1998 to 2006. Most recently, Mr. Stockinger has been a consultant of Bruckmann, Rosser, Sherrill & Co., a private equity firm, and Not Your Average Joes, a private restaurant company of which Mr. Stockinger is a member of the Board of Directors. The Company believes Mr. Stockinger’s strong track record as a director and executive with multiple private and public restaurant companies makes him an excellent choice to lead Fiesta.

Moreover, the Company appointed Paul Twohig as a non-executive member of the Board of Directors of Fiesta. Mr. Twohig joined Dunkin’ Brands in 2009 and currently serves as President, Dunkin’ Donuts U.S. and Canada. Prior to joining Dunkin’ Brands, Mr. Twohig served as a Senior Vice President, Eastern Division for Starbucks Corporation. Mr. Twohig also previously served as Chief Operating Officer for Panera Bread Company. The Company plans to leverage Mr. Twohig’s extensive operating experience with highly successful and growing restaurant brands. The Company worked with a prominent executive search firm to identify CEO and director candidates, as previously announced by the Company in September 2016.

The Board also appointed Stacey Rauch as non-executive Chairman of the Board of Directors of Fiesta. Ms. Rauch has served as a non-executive Director of the Company since 2012. Ms. Rauch is a Director Emeritus of McKinsey & Company from which she retired in September 2010, after serving 24 years with the company. Ms. Rauch was a leader in McKinsey’s Retail and Consumer Goods Practices, served as the head of the North American Retail and Apparel Practice, and acted as the Global Retail Practice Convener. In her expanded leadership role, she brings a wealth of experience working with companies in the dynamic consumer and retail industries.

Lastly, Danny Meisenheimer has been promoted to Chief Operating Officer and Senior Vice President of Fiesta. Mr. Meisenheimer has been interim CEO of Fiesta since September 2016, and Chief Operating Officer and Vice President of Pollo Tropical since 2013. Mr. Meisenheimer previously served as Chief Brand Officer of Pollo Tropical in 2012. Prior to joining Pollo Tropical, Mr. Meisenheimer was Chief Operating Officer at Souper Salad, Inc. from 2010 to 2012 and Chief Brand Officer at Souper Salad, Inc. from 2008 to 2010. Before that, Mr. Meisenheimer was Vice President, Brand Management at Pizza Inn from 2005 to 2008.

Board Chair Stacey Rauch said, “We are very pleased to welcome Rich Stockinger as Fiesta’s new CEO and President. Rich is a respected, results-driven industry veteran who understands the value of our Pollo Tropical and Taco Cabana brands and has the skills and experience necessary to be a strong and effective leader in advancing our strategic initiatives at this critical juncture. Danny Meisenheimer’s material contributions over the past five years at Pollo Tropical and as recent Interim CEO and President make him the obvious choice to become COO of Fiesta and partner with Rich to lead operations across both brands. I would also like to welcome to our Board Paul Twohig, who brings extensive restaurant leadership and operating experience, and thank Jack Smith for his long-standing service as Chairman and continued leadership as a non-executive Director.”

Richard Stockinger said, “The opportunity at Fiesta is extraordinary. The competitive positioning and potential upside of both Pollo Tropical and Taco Cabana makes me optimistic about the future of the Company. I look forward to working closely with the Board, the rest of management and all of our dedicated team members to establish a comprehensive operating and growth plan that we can deliver as a cohesive unit.”

Strategic Update

For the past four months, a Committee of the Board of Fiesta carefully evaluated a range of strategic alternatives potentially available to the Company, including a possible sale of the Company. The Company retained financial and legal advisors to assist it in evaluating a sale of the Company and to conduct a confidential sale process. Following the review of information provided by the Company, no potential counterparty presented a final proposal to acquire Fiesta. Given recent soft Company performance and a weak industry outlook, the Board concluded that the Company should suspend the sale evaluation process, complete the hiring of a permanent CEO and new director to bolster Company leadership and continue to pursue a business plan focused on value creation as a standalone company.

The Board also affirmed its previously stated position that it will not pursue the spin-off of the Taco Cabana brand at this time. In addition, Fiesta will not pursue a divestiture of Taco Cabana given the opportunities the Board believes remain with the brand and the significant tax inefficiencies currently inherent in a sale transaction.

For the time being, as previously disclosed, the Company intends to maintain growth initiatives and restaurant development focused on lower-risk and higher return Florida markets for Pollo Tropical and Texas markets for Taco Cabana. In 2017, the Company expects to open 12 new Company-owned Pollo Tropical restaurants in Florida and 10 new Taco Cabana restaurants in Texas. Also during 2017, the Company plans to remodel approximately 20 Pollo Tropical restaurants in its most profitable region, south Florida. In addition, Fiesta’s current year priorities at both Pollo Tropical and Taco Cabana include improving field operations through retraining and recertification of restaurant managers and team members, optimizing and evolving its menus through new product innovation, impactful marketing and expanding off-premise sales through online ordering, catering, and third-party delivery services.

Ms. Rauch concluded, “Fiesta operates two powerful brands with tremendous appeal. Significant opportunities remain for growth in Pollo Tropical and Taco Cabana’s existing markets, and while our expansion into Texas for Pollo Tropical has been challenging, we continue to believe in the long term attractiveness of the business model and its potential beyond its traditional markets. In addition, we believe our 2017 priorities will enhance the overall brand experience, increase guest frequency and open additional channels of sales growth. With an energized team in place, we are eager to continue to deliver to our loyal guests the quality and value they have long appreciated at Pollo Tropical and Taco Cabana and to introduce new guests to our unique and craveable product offerings.”

About Fiesta Restaurant Group, Inc.

Fiesta Restaurant Group, Inc. is the parent company of the Pollo Tropical and Taco Cabana restaurant brands. The brands specialize in the operation of fast-casual restaurants that offer distinct and unique Caribbean and Mexican inspired flavors with broad appeal at a compelling value. The brands feature made-from-scratch cooking, fresh salsa bars, drive-thru service and catering. For more information about Fiesta Restaurant Group, Inc., visit the corporate website at www.frgi.com.

Forward-Looking Statements

Except for the historical information contained in this news release, the matters addressed are forward-looking statements. Forward-looking statements, written, oral or otherwise made, represent Fiesta's expectation or belief concerning future events. Without limiting the foregoing, these statements are often identified by the words "may," "might," "believes," "thinks," "anticipates," "plans," "expects," "intends" or similar expressions. In addition, expressions of Fiesta's strategies, intentions or plans are also forward-looking statements. Such statements reflect management's current views with respect to future events and are subject to risks and uncertainties, both known and unknown. You are cautioned not to place undue reliance on these forward-looking statements

as there are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond Fiesta's control. Investors are referred to the full discussion of risks and uncertainties as included in Fiesta's filings with the Securities and Exchange Commission.

Important Additional Information

The Company, its directors and certain of its executive officers are participants in the solicitation of proxies from the Company's stockholders in connection with the Company's 2017 Annual Meeting of Stockholders. The Company intends to file a proxy statement and white proxy card with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from the Company's stockholders. STOCKHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING WHITE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Information regarding the ownership of the Company's directors and executive officers in Company stock, restricted stock and options is included in the Company's SEC filings on Forms 3, 4, and 5, which can be found through the Company's website www.frgi.com in the section "Investor Relations" or through the SEC's website at www.sec.gov. Information can also be found in the Company's other SEC filings, including the Company's definitive proxy statement for the 2016 Annual Meeting of Stockholders and its Annual Report on Form 10-K for the year ended January 3, 2016. Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the 2017 Annual Meeting. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC's website at www.sec.gov. Copies will also be available at no charge at the Company's website at www.frgi.com in the section "Investor Relations."