

FRANCHISE DISCLOSURE DOCUMENT

NOODLES & COMPANY

a Delaware corporation
520 Zang Street, Suite D
Broomfield, CO 80021
(720) 214-1900

Franchising@noodles.com

www.noodles.com



The franchise offered is for a Noodles & Company restaurant, which will specialize in the retail sale of noodle dishes, salads, soups, desserts, breads, beverages and other menu items and merchandise related to the Noodles & Company concept, as we may authorize in the future.

The total investment necessary to begin operation of a Noodles & Company restaurant ranges from \$747,000 to \$1,423,000. This includes a \$35,000 franchise fee that must be paid to us but does not include the ongoing cost of buying or renting the business location. We also require a non-refundable development fee of \$35,000 for the first Noodles & Company restaurant contemplated to be opened by you and \$10,000 for each additional Noodles & Company restaurant you have agreed to open under an Area Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional

information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 10, 2023

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Noodles & Company business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Noodles & Company franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, which requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or

has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, and/or litigation only in the State of Colorado. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in the State of Colorado than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**ADDITIONAL DISCLOSURES REQUIRED
BY THE STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Attorney General's Office, Consumer Protection Division, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 335-7567.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “Franchisor,” “Noodles & Company,” “Company,” “we,” “us,” or “our” refer to Noodles & Company and “Franchisee,” “Area Operator,” “FAO,” “you,” or “your” refer to the person or legal entity who is granted the right to operate a Noodles & Company restaurant under a Franchise Agreement. If you are a corporation, partnership, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners and will be noted.

Noodles & Company is a Delaware corporation, which was formed on December 19, 2002. Our principal place of business is 520 Zang Street, Suite D, Broomfield, CO 80021. Our agents for service of process for purposes of this disclosure document are listed in Exhibit A. Noodles & Company currently does business under the name Noodles & Company.

Parents, Predecessors and Affiliates.

We have no parents or predecessors.

In March 2020, our wholly-owned subsidiary, The Noodle Shop Co. – Virginia, Inc., a Virginia corporation (“Noodles Virginia”), acquired in a merger the assets and liabilities of the third party gift card service provider previously used by us. Its principal place of business is 520 Zang Street, Suite D, Broomfield, CO 80021. Noodles Virginia issues the gift cards, bears the liabilities for the cards and manages and operates the gift card program for Noodles & Company and its franchisees. Pursuant to our gift card program, each franchisee will provide proceeds from sales of gift cards to Noodles Virginia and will be credited by Noodles Virginia with the face amount of gift cards redeemed at restaurants operated by the franchisee. Noodles Virginia has never operated a Noodles & Company restaurant or offered franchises in any line of business.

The Franchise.

We offer to qualified persons the right to develop and operate multiple Noodles & Company restaurants within a specific geographic area and defined trade areas (the “Development Area”) under our standard form area development agreement (the “Area Development Agreement” or “ADA”). We sell franchises only as part of a multi-unit area development agreement (with a minimum 3 restaurant commitment). We do not enter into contracts for single-unit development. Typically, a prospective franchisee, whom we refer to generally as our “Franchised Area Operators” or “Area Operators,” for a Noodles & Company restaurant will submit the personal, financial, business and other information, as we require, about the prospective franchisee and its owners. If you decide to submit the information to begin our process and if, after our review of your information, we determine that it is in our best interest to consider you as a prospective Area Operator, we

may ask you to provide additional information. If we decide to enter into an ADA with you, the ADA will require you to develop and open an agreed-upon number of Noodles & Company restaurants under a development schedule and within the geographic area and defined trade areas, all as described in the ADA and the attached exhibits. A copy of our current form of Area Development Agreement is attached as Exhibit B.

After the ADA has been executed, you must sign our then-current form of franchise agreement (the "Franchise Agreement") for each Noodles & Company restaurant that we agree you may open, which may be different than our current form of Franchise Agreement attached hereto as an exhibit. Each Franchise Agreement will grant you the right to own and operate a single Noodles & Company restaurant at an agreed-upon location. A copy of our current form of Franchise Agreement is attached as Exhibit C.

If you are interested in purchasing one or more company-operated restaurants that we might make available from time to time, in lieu of the procedure described in the preceding paragraphs, you will first sign a letter of intent regarding the potential purchase. If you wish to review any of our confidential materials in connection with your potential purchase of company-operated Restaurants, you must sign a Confidentiality Agreement. If we agree to sell you one or more company operated restaurants, and you and we agree on the terms of the transaction, you and we will then execute an Asset Purchase Agreement, the general form of which is attached as Exhibit I. At closing, you and we will also execute a Franchise Agreement (as well as applicable addenda thereto that reflect the terms of the Asset Purchase Agreement) for each Restaurant and an ADA pursuant to which you will develop an agreed-upon number of restaurants.

An Area Operator of Noodles & Company will specialize in the sale of noodle dishes, salads, soups, desserts, breads, beverages and other menu items and merchandise related to the Noodles & Company concept as we may authorize in the future. The Noodles & Company restaurants will normally provide in-restaurant and patio seating and delivery and carry-out service. The Noodles & Company restaurants are currently open for lunch and dinner. You must offer for sale all products Noodles & Company designates, unless you obtain our approval not to carry certain items. You may not carry any products that we have not approved.

For each Noodles & Company restaurant you construct you must construct a kitchen to prepare the food according to our specifications and your restaurant must meet all of our other design and construction specifications described in our then-current (at the time of construction) Design Book, Operations Manual and other specifications we establish periodically.

The products and services offered by a Noodles & Company restaurant are intended primarily for personal consumption by the general public. You will have to compete with other businesses offering meals and products, including other fast-casual restaurant offerings, fast food restaurants, full-service restaurants, other types of eateries, and grocery stores, similar to those Noodles & Company restaurants offer.

The restaurant industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic or demographic conditions, changes in consumer tastes, consumer concerns about the nutritional quality or nutritional content of restaurant food and increases in the number of, and particular locations of, competing restaurants. Various factors can adversely affect the restaurant industry, including inflation, increases in food, labor and energy costs, the availability and cost of suitable sites, general economic conditions, war, terrorism and other political events, fluctuating interest and insurance rates, state and local regulations and licensing requirements and the availability of an adequate number of hourly-paid employees. In addition, other restaurant chains with greater financial resources may have or may develop similar concepts. Major restaurant chains, which have substantially greater financial resources and longer operating histories, dominate the restaurant industry.

Certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations, and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Safety and Health Act. The U.S. Food and Drug Administration and the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurants. State and local agencies routinely conduct inspections for compliance with these requirements.

We may decide to sell and franchise one or more of our Company-owned Restaurants. In these transactions, we negotiate with the prospective Area Operator to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate. If you purchase a Company-owned Restaurant, you must sign a Franchise Agreement and, possibly, also an ADA for the development of Noodles & Company restaurants in the geographical area and defined trade areas where the purchased Noodles & Company restaurant(s) is located. Depending on the circumstances, the financial and other terms may vary from the standard terms of our Franchise Agreement and ADA.

We also may enter into joint venture or partnership arrangements with existing Area Operators or others to develop Noodles & Company restaurants. The parties involved will negotiate the terms of these arrangements.

We also may offer franchises for Noodles & Company restaurants to be located at non-traditional venues (“Non-Traditional Venues”), which include, for example, transportation facilities (airports, train and bus stations, turnpikes or other limited access highway rest stops), military bases, colleges and universities, sports arenas, retail outlets, grocery stores, supermarkets and others. Non-Traditional Venues are defined in the standard form Franchise Agreement, attached as Exhibit C. The terms and conditions of a franchise for a Non-Traditional Venue may vary considerably from the standard terms of our Franchise Agreement and ADA.

We also may offer franchises for Noodles & Company restaurants in foreign countries. This disclosure document does not describe the terms of any international franchise relationship or any other international relationship in which we may become involved, but we may deliver this disclosure document regarding these transactions for general informational purposes.

Prior Business Experience.

Noodles & Company has operated Noodles & Company restaurants since 1995. Noodles & Company has offered Noodles & Company franchises since May 2003. We have not offered franchises in any other lines of business.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and Director: Dave Boennighausen

Mr. Boennighausen has held this position since June 2017, having served as Interim CEO since July 2016 and as the Chief Financial Officer since July 2012. He became a member of the Board of Directors in August 2015.

Chief Financial Officer: Carl Lukach

Mr. Lukach has held this position since November 2020. From September 2016 to October 2020, he was the VP of Finance at Equinox Holdings, Inc., in New York, New York.

Chief Marketing Officer: Stacey Pool

Ms. Pool has held this position since December 2019. From April 2019 to December 2019, she was Senior Vice President of Corporate Marketing at Vail Resorts, Inc. in Broomfield, Colorado. From June 2018 to April 2019, she was Vice President, Chief of Staff to CEO, from February 2016 to June 2018, she was Vice President, Corporate Marketing and Digital Experience and from October 2014 to February 2016, she was Sr. Director, Digital Experience, at Vail Resorts, Inc. in Broomfield, Colorado.

Chief Operating Officer: Brad West

Mr. West has held this position since March 2021. From September 2017 to March 2021, he was Executive Vice President of Operations.

Executive Vice President, General Counsel and Secretary: Melissa Heidman

Ms. Heidman has held this position since June 2018. From December 2017 until June of 2018 she served as Vice President Acting General Counsel and Secretary. From April 2023

September 2015 to December 2017, she was Vice President and Associate General Counsel. From August 2011 to September 2015, she was Associate General Counsel.

Executive Vice President of Technology: Corey Kline

Mr. Kline has held this position since March 2021. From August 2016 to March 2021, he was Vice President of Information Technology. From September 2011 to August 2016, he was the Director of Information Technology.

Executive Vice President of Inclusion, Diversity and People: Sue Petersen

Ms. Petersen has held this position since March 2021. From January 2018 to March 2021, she was Vice President, HR. From January 2016 to January 2018 she was Vice President, Talent. From February 2015 to January 2016, she was Director of Field Talent.

Vice President of Ops Services: Bill Knopf

Mr. Knopf has held this position since January 2017. From March 2016 to January 2017 he was Vice President of Training and Operations. From April 2009 to March 2016 he was a Market Director and Area Manager.

Vice President of Franchise Operations: Carly Habein

Ms. Habein has held this position since February 2019. She was Director, Franchise Operations from August 2016 to February 2019. From August 2014 to August 2016 she was Manager of Franchise Operations. From January 2014 to August 2014, she was a Manager of New Restaurant Openings and Projects. From April 2012 to August 2014 she was a Project Manager within the Training and Development Department.

Vice President of Franchise Sales: John Ramsay

Mr. Ramsay has held this position since November 2020. From March 2019 to September 2020 he was Vice President of Development at Bruxie International, LLC in Santa Ana, California. From October 2016 to September 2018, he was Chief Development Officer at Marcos Franchising, LLC in Toledo, OH.

Franchise Business Consultant: Louis Schiavo

Mr. Schiavo has held this position since January 2022. From July 2018 to January 2022 Mr. Schiavo was an Area Manager at Noodles & Company. From July 2016 to July 2018 he was Director of Operations for Anand Inc., Jack in the Box Franchise.

Franchise Business Consultant: Jake Sisler

Mr. Sisler has held this position since July 2022. From August 2011 to July 2022 Mr. Sisler was a Franchise Business Consultant for Smashburger.

Franchise Business Consultant: Kimberly Ahlman

Ms. Ahlman has held this position since March 2023. From May 2021 to March 2023 she was an Area Manager at Noodles & Company. From May 2017 to June 2020 she was the Director of Operations for Credo, LLC.

Manager of Licensing & Franchise Administration: Jennifer McVay

Ms. McVay has held this position since October 2012.

Chairman: Jeffrey Jones

Mr. Jones became a member of the Noodles & Company Board of Directors in September 2013 and became the Board Chair in 2019. Mr. Jones is a member of the Boards of Directors of Hershey Entertainment and Resorts, Summit Hotel Properties, Inc. and Invited, (formerly ClubCorp). He is also a member of the US Bank Advisory Board.

Director: Mary Egan

Ms. Egan became a member of the Noodles & Company Board of Directors in September 2017. Ms. Egan served as CEO of Gatheredtable, a consumer SaaS company in Seattle, Washington she founded that offers customized meal planning from June 2013 until 2018 when the Company was sold. Ms. Egan also serves on the Board of American Campus Communities.

Director: Bob Hartnett

Mr. Hartnett became a member of the Noodles & Company Board of Directors in July 2016 and he was Chairman from July 2016 until July 2017.

Director: Drew Madsen

Mr. Madsen became a member of the Noodles & Company Board of Directors in September 2017.

Director: Elisa Schreiber

Ms. Schreiber became a member of the Noodles & Company Board of Directors in December 2019. Since December 2014, Ms. Schreiber has been Vice President of Marketing for Greylock Partners, a venture capital firm in Menlo Park, California.

Director: Shawn Taylor

Mr. Taylor became a member of the Noodles & Company Board of Directors in December 2020. From February 2013 to March 2019, Mr. Taylor was President and Operating Partner of Zaxby's Houston, LLC, a franchisee of the Zaxby's restaurant chain, based in Houston, Texas, which was sold in 2019.

ITEM 3
LITIGATION

The State of Delaware, William French v. Card Compliant, LLC, et. al., Case No. N13C-06-289 FSS (Del. Super. Ct., New Castle County)

Noodles & Company was named as one of the defendants in an action initially filed under seal on June 28, 2013 and unsealed on March 24, 2014. The complaint alleged that defendants knowingly violated the Delaware Abandoned Property Law by failing to report and deliver “unclaimed gift card funds” to the State of Delaware, and knowingly made, used or caused to be made or used, false statements and records to conceal, avoid or decrease an obligation to pay or transmit money to Delaware in violation of the Delaware False Claims and Reporting Act. The complaint sought an order that defendants cease and desist from violating the Delaware False Claims and Reporting Act, unspecified monetary damages (including treble damages under the False Claims and Reporting Act), penalties, and attorneys’ fees and costs.

This litigation was settled in August 2018. In the settlement, Noodles & Company paid \$450,000 to the State of Delaware and \$150,000 to William French, the relator in the action; the action was dismissed, and the parties exchanged mutual releases. Noodles & Company did not admit liability or wrongdoing in the settlement.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Area Development Agreement.

Under the Area Development Agreement, you must pay a non-refundable development fee of \$35,000 for the first Noodles & Company restaurant contemplated to be opened by you and \$10,000 for each additional Noodles & Company restaurant you have agreed to open under the Area Development Agreement (“Development Fee”). The Development Fee is payable upon execution of the Area Development Agreement. The number of Noodles & Company restaurants that you may develop under a particular Area Development Agreement is determined by mutual agreement (with a minimum 3 restaurant commitment). The number of Noodles & Company restaurants we agree that you may develop will depend on a variety of factors, including: (1) the existing population and anticipated population growth within the Development Area; (2) competition within the Development Area; (3) the availability of acceptable locations; and (4) the number of Noodles & Company restaurants we estimate can be developed within the Development Area.

The Development Fee is uniform for all franchisees, no portion of the Development Fee is refundable, and, except as provided below, the Development Fee is not credited against any other fees.

Franchise Agreement.

The Franchise Fee is \$35,000 per restaurant. The Franchise Fee is due on the first to occur of: (1) the commencement of construction; (2) execution of the Franchise Agreement; or (3) the date the franchised restaurant is required to be opened under the Area Development Agreement. The \$35,000 Development Fee paid for the first Noodles & Company restaurant you are required to develop will be credited against the Franchise Fee due to us under the Franchise Agreement for that restaurant. For each additional Noodles & Company restaurant you are required to develop under the Area Development Agreement, the \$10,000 Development Fee for each restaurant will be credited against the Franchise Fee due to us under the Franchise Agreement for that restaurant, leaving a balance of \$25,000. These credits will only be applied if the total Development Fee due for all Noodles & Company restaurants you are required to develop under the Area Development Agreement was timely and fully paid. Except for the credits described above, and in the case of a sale of a Company-owned Restaurant, operation in a Non-Traditional Venue or joint venture, if any (see Item 1), the \$35,000 Franchise Fee is uniform to all Area Operators currently purchasing a franchise.

No portion of the Franchise Fee is refundable.

Purchase of Existing Restaurant

If you are purchasing an existing company-operated restaurant the amount of the purchase price will vary by restaurant based on a wide range of factors, including the assets being acquired, their location, their book value, their fair market value and other factors. The purchase price will be separately negotiated for each restaurant.

ITEM 6
OTHER FEES

<u>Type of fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks (1)</u>
Royalty	5.0% of Net Royalty Sales (2) (3)	Payable on 1 st Monday immediately following each "Reporting Period" (2)	Payment is made by automatic electronic withdrawal.
Marketing (4)(5)(6)			
Advertising Brand Development Fund ("ABDF")	Currently 0.0% of Net Royalty Sales		
Field Marketing Funds ("FMF")	Currently 1.0% of Net Royalty Sales	Not paid to Noodles & Company. To be spent locally by FAO	Amounts spent locally subject to review and approval by Noodles & Company.
Marketing Administration Fee ("MAF")	Currently 1.25% of Net Royalty Sales The maximum percentage for ABDF, FMF and MAF taken together is 5.5%	Payable on 1 st Monday immediately following each "Reporting Period" (2) To be determined by Noodles & Company	Payment is made by automatic electronic withdrawal.
Cooperative	Determined by cooperative (4)		

Renewal of Franchise	Then-current standard Franchise Fee and our associated costs	Upon grant of successor franchise	
Additional Training	Will vary if incurred	When training is scheduled	“Additional Training” is training to set up your certified training restaurant and training you request or training we deem you or your personnel need in addition to the training we provide to Area Operator, your 1st Area Operating Partner and the general manager for each of your first two restaurants.
Quality Control Program	Varies	Ongoing	Must participate in our then current programs, as amended, at your cost and expense. Payable to us or others as applicable; payment made by electronic withdrawal if to us.
Interest on late payments	1.5% per month or the maximum rate allowed by law, whichever is less	Immediately	The interest rate applies to any money you owe us or any of our affiliates after the due date; payment made by electronic withdrawal.
Fees to evaluate and approve alternative suppliers	Our reasonable costs and expenses, which currently are expected to range between \$0 and \$2,000 per sku, although costs could greatly exceed those amounts depending on the product	Upon receipt of our bill	We may impose reasonable inspections and supervision fees to cover our costs in evaluating and maintaining alternative brands or suppliers you propose in accordance with the Franchise Agreement; payment made by electronic withdrawal.

Audit	Cost of audit, which is expected to range between \$3,000 and \$4,000, if a discrepancy is found in accordance with the Franchise Agreement	Completion of audit	Payable only if you fail to furnish required information or if we find an understatement of Net Royalty Sales greater than 1.0%; payment made by electronic withdrawal.
Insurance	Will vary if incurred	Will vary as incurred	If you fail to obtain the required insurance coverage for the Noodles & Company restaurant, we may obtain coverage at your expense. You must list Noodles & Company as an additional insured on all policies.
Maintenance costs	Will vary if incurred	As incurred	If you fail or refuse to maintain the Noodles & Company restaurant as required, we have the right to do so on your behalf and at your expense and you must cover our expenses in doing so.
IT Services	Varies	As incurred	Amounts described in Item 11
Restaurant Technology Support (“RTS”) Fees	\$1,000 per month, per restaurant	Monthly	Payment is made by automatic electronic withdrawal.
Attorneys’ fees and other costs	Will vary if incurred	As incurred	Payable if we prevail in any legal dispute with you.
Indemnification	Will vary if incurred	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations.

Transfer of Franchise	\$3,500 per restaurant transferred or the amount stated in our then current Franchise Agreement. This is in addition to any other transfer fees required under any other agreements with us or our affiliate and payment of all of our costs associated with the transfer.	Upon sale or transfer of a franchised restaurant	Except in the case of a transfer to a corporation formed solely for the convenience of ownership or under circumstances regarding death or disability, you must pay us a transfer fee. Transfers are not allowed without our consent unless the law requires us to permit the transfer.
Transfer of Development Agreement	\$7,500, or the amount stated in our then current ADA, for each Noodles & Company restaurant contemplated to be, but not yet, developed under the ADA. This is in addition to any other transfer fees required under other agreements with us or our affiliates and payment of all of our costs associated with the transfer.	Upon transferring the ADA	Except in the case of a transfer to a corporation formed solely for the convenience of ownership or under circumstances regarding death or disability, you must pay us a transfer fee. Transfers are not allowed without our consent unless the law requires us to permit the transfer.

NOTES

1. Except as noted, all fees are imposed and collected by and payable to Noodles & Company, are non-refundable and are uniformly imposed on our franchises.

2. The term "Net Royalty Sales" means the aggregate amount of all sales of food, beverages and other products and merchandise sold and services rendered at the restaurant location or otherwise rendered to or for your Noodles & Company restaurant or your use of the Marks, including sales at or away from your Noodles & Company restaurant, whether for cash or credit, and regardless of collection in the case of credit, but excluding: (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authority; and (2) all *bona fide*, documented: (a) customer promotional discounts approved by us;

(b) refunds; (c) voids; and (d) employee meal discounts. A Reporting Period is defined as each one-week period commencing on Wednesday and ending on Tuesday, or other period as we may determine. A Sweep Period will be the period of time for which a Sweep of the Area Operator's account has been made by Noodles & Company to obtain the Royalty Fee, ABDF, MAF or any other fees or payments due, but for which a prior Sweep was not made.

3. On occasion, we may consider reducing the royalty fee or offering a development incentive to fit a particular concern, taking into account a variety of factors, including, but not limited to, where a franchisee agrees to develop a significant number of Franchised Restaurants, a franchisee agrees to significantly accelerate historical development patterns, a franchisee agrees to develop Franchised Restaurants in a new territory, or a franchisee proposes to develop unique sites.
4. These items include amounts paid to each marketing fund, marketing cooperative and amounts generally expended by you for marketing your Noodles & Company restaurant. Currently, you do not pay an ABDF fee, but we reserve the right to collect an ABDF fee in the future upon notice to you that we will begin collecting this fee. We will collect the ABDF and MAF from you each Reporting Period. We may require documentation from you demonstrating that you have spent your FMF on acceptable Field Marketing activities as approved by Noodles & Company in its sole discretion for each of your fiscal quarters. You must pay directly the vendors or partners in the marketing program as the program is implemented and must provide documentation regarding all payments on the 15th day of each month to Noodles & Company upon our written request. If you do not spend the required FMF, we may collect the funds from you and spend them on Field Marketing on your behalf. We may also organize a number of advertising cooperatives in the future. If we require you to contribute to a cooperative in the future, we will credit your contribution toward your required FMF expenditure. If we provide you and your cooperative 30 days' notice of a special promotion, you must participate and pay any special promotion fees we assess. These fees will be in addition to your Field Marketing requirement.

We may adjust and/or increase any or all of the ABDF, FMF or MAF contribution requirement up to an aggregate maximum of 5.5% of Net Royalty Sales and we may reallocate the funds in the future. Additionally, we may increase the aggregate amount of the ABDF, FMF and MAF to an aggregate amount in excess of 5.5% of Net Royalty Sales if 66.0% of the then-existing Company-owned and Franchise-owned Restaurants vote to approve any proposed increase.

5. See discussion of rebates in Section 9.11 of the Franchise Agreement and Item 8 of this disclosure document.
6. We operate a gift card program. We currently operate this program through a wholly-owned subsidiary, The Noodle Shop, CO. – Virginia, Inc. ("Noodles

Virginia”). Each franchisee will provide proceeds from sales of gift cards to Noodles Virginia and will be credited by Noodles Virginia with the face amount of gift cards redeemed at restaurants operated by the franchisee.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT (1)

Type of Expenditure	Amount (2)		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Build-out Costs (3)					
Leasehold Improvements (4)	\$490,000	\$891,000	As Arranged	As Incurred, Subject to Negotiated Terms	Contractors & Government Agencies
Architectural & Other Design Fees (4)	59,000	132,000	As Arranged	As Incurred, Subject to Negotiated Terms	Architects & Engineers
Landlord Credits (5)	46,000	170,000	As Arranged	Post -Construction	Landlord
Kitchen Equipment (5)	127,000	218,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Millwork & Furniture (5)	22,000	44,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Computer Equipment (5)	30,000	56,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Signage (5)	17,000	51,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Pre-Opening Costs & Additional Funds					
Permits & Licenses (6)	0	24,000	Cash	As Incurred, Subject to Negotiated Terms	Government Agencies
Supplies & Smallwares	1,000	10,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Opening Inventory (7)	6,000	10,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Safe & Cash on Hand in Registers	1,000	3,000	Cash	At Opening	Operations
Utilities	0	4,000	As Arranged	As Incurred, Subject to Negotiated Terms	Landlords

Pre-Opening Cash Occupancy Costs (8)	0	8,000	As Arranged	As Incurred, Subject to Negotiated Terms	Landlords & Approved Suppliers
Training (9)	7,000	64,000	As Arranged	As Incurred, Subject to Negotiated Terms	Employees, Airlines, Hotels & Restaurants
Grand Opening Marketing Program (10)	1,000	2,000	As Arranged	As Incurred, Subject to Negotiated Terms	Approved Suppliers
Legal Expenses (11)	0	0	As Arranged	As Incurred, Subject to Negotiated Terms	Attorneys
Additional Funds – 3 months (12)	0	46,000	As Arranged	As Incurred, Subject to Negotiated Terms	Employees & Approved Suppliers
Fee to Franchisor					
Franchise Fee	35,000	35,000	Cash	See Item 5 - Franchise Agreement	Noodles & Company
Total Fee to Franchisor	\$35,000	\$35,000			
Grand Total for Franchise-owned Restaurants (13)(14)	\$747,000	\$1,423,000			

NOTES

- The above table includes costs incurred to open nine recently opened Company-owned restaurants in the trailing 12-month period ended January 3, 2023. These restaurants ranged in size from 2,000 to 2,500 square feet with an average of 2,300 square feet. The amounts included in the table represent the low and high costs for each major cost category of the initial investment, but do not represent an individual restaurant cost in total. Further, the amounts included in the table represent cost categories for restaurants that vary widely including structural type, geographical location and utilization of union labor. Examples of structural type and geographical location include, but are not limited to, retrofitted sites, new construction, delivered construction, end-cap, free-standing and inline real estate within urban, suburban and rural geographies. These costs include all of our out-of-pocket costs to develop and open a Company-owned Restaurant net of tenant improvement allowances adding in a Franchise Fee for illustrative purposes. The Company believes these costs to be an indicator of costs to open a Franchise restaurant, however, we believe the high end of the range may not be indicative of where costs may be going forward. For example, we are exploring the use of a smaller restaurant footprint which may result in lower costs across many categories. If there are changes to our restaurant prototype it is possible that such

changes will affect the costs shown here. The number of Noodles & Company restaurants that you may develop under a particular Area Development Agreement is determined by mutual agreement (with a minimum 3 restaurant commitment).

2. All amounts paid to Noodles & Company are non-refundable unless otherwise noted. Whether any amounts paid to third parties are refundable will vary based on the practice in the area where your Noodles & Company restaurant is located and/or your requirements with such third parties.
3. Noodles & Company does not generally offer direct or indirect financing to franchisees for any items (see Item 10). The amount of the Franchise Fee also includes the Development Fee. Additional information regarding the Development Fee and Franchise Fee and the manner in which those fees are paid is provided in Item 5.
4. You must lease or purchase a location approved by Noodles & Company and construct, remodel, alter and improve it to Noodles & Company's specifications. Lease and purchase costs are not included in the figures in the Item 7 table except as discussed in Note 8 and listed in Pre-Opening Cash Occupancy Costs. These estimates assume that the location will be a leased, unimproved, unfinished retail store-type unit. If you purchase a location, lease a free-standing building or lease a space in a multi-story structure, your initial investment may be much greater. A typical Noodles & Company restaurant will be located in a suburban or urban area on a major thoroughfare or adjacent to or part of a retail shopping center. For the restaurants included in the above table, occupancy costs which are comprised of base rent, percentage rent, CAM and real estate taxes (determined in accordance with generally accepted accounting principles) averaged \$7,900 per month and ranged from approximately \$4,700 to \$12,800 per month. You must perform or have performed any construction, remodeling or additions necessary to cause the premises to conform to applicable federal, state, county and city laws, ordinances, codes and rules and regulations governing food services businesses, and that meet Noodles & Company's requirements for the layout, design, construction, fixtures, equipment, installation and trade dress appearance of a Noodles & Company location. The cost of purchasing or leasing and developing a site will vary widely depending upon the market, location, design, configuration and condition of the premises, the condition and configuration of existing services and facilities, such as, for example, air conditioning, electrical and plumbing, the terms of your lease and the local real estate market.
5. The construction costs presented include all significant costs incurred in constructing or remodeling a location to conform to Noodles & Company's standards, except for time incurred internally by staff to design the restaurant and manage the construction process. Costs include general contractor and subcontractor fees along with other costs to construct leasehold improvements to conform to Noodles & Company's standards. Construction costs can vary widely between sites. Factors that cause variances in construction costs include, but are

not limited to, the labor market for construction in a particular market or trade area, the size of the restaurant, the configuration of a restaurant (such as End Cap, Inline, Freestanding), as well as the condition and configuration of existing services and facilities. Often, landlords provide allowances or free rent periods for tenant improvements. Allowances for tenant improvements and free rent periods are not necessarily commensurate with total construction costs incurred. For the restaurants included in the above table, Noodles & Company received an average tenant improvement (“TI”) allowance and free rent totaling \$110,000, and such allowances ranged from \$46,000 to \$170,000. Your total net cost to construct a Noodles & Company restaurant may vary significantly from the figures in this Item 7, depending on the level of tenant improvement allowances received.

You must prepare and sell all of the menu items designated by Noodles & Company as part of its standard menu and provide all standard services designated by Noodles & Company. If any special or additional equipment, fixtures, millwork or furniture are required to provide those services or menu items, you must acquire that equipment or fixtures, the cost of which may be significant. You must purchase a point-of-sale system (which includes a computer) and support services as described in Item 11. You must purchase interior signs and exterior signs. The type of signage installed is governed by local ordinances regarding height and size restrictions, and exterior signage variation may result in additional cost to you.

6. Permits and licenses include, for example, business licenses, tap fees and liquor licenses. (Building permits are included in the Total Build-out Costs.) For the restaurants included in the above table, total permits and licenses averaged \$6,200 and ranged from \$0 to \$23,200. Permits and licenses can vary widely between locations. However, while Noodles & Company restaurants historically sold liquor they no longer do so, and liquor licenses are no longer required.
7. Proprietary Products must be purchased from our Designated Suppliers. Other items must be purchased from an Approved Supplier or an Alternative Approved Supplier (see Item 8).
8. In general, Noodles & Company negotiates the payment of its leases to coincide with the start of operations. However, in some cases it may be necessary to begin lease payments before opening in order to secure a particular location, or to accommodate the optimal timing of a new restaurant opening.
9. Lodging and travel costs for training are included in these estimates to train three persons for your first restaurant. Fully-burdened labor costs for your employees to attend the training are not included as they may vary widely depending on the number of Noodles & Company restaurant locations already operated by you, proximity to other Noodles & Company restaurant locations, the tenure of your management team, local wage markets and the benefits you provide to your employees.

10. You must provide, and will incur the cost of, a Grand Opening Marketing Program for your restaurant. The restaurants included in the above table incurred the range of grand opening marketing expenses reflected in the table. You must spend a minimum of \$15,000 for the first two restaurants in a discrete market and \$5,000 per restaurant for each grand opening after the first two grand openings in a market (see [Item 11](#)).
11. Legal expenses will differ by restaurant, Area Operator, individual real estate and site requirements. For Company-owned Restaurants, Noodles & Company handles a significant amount of these activities with our existing management team, including internal legal counsel. The degree to which you may incur these costs will depend on your need for such counsel, your existing infrastructure and personnel, as well as other factors related to cost and complexity of legal and other consultative matters.
12. This amount represents additional funds needed to cover operating expenses beyond revenue generated for the first three months after opening. The amounts shown are based on the actual experience of our restaurants in our 2022 fiscal year. On average, the restaurants included above did not require the use of additional funds during their three months of operations, but instead generated positive cash flow, which we have not included in the above table. The need for additional funds varies depending on a variety of factors. These Additional Funds may be used for restaurant-level employee wages and benefits, point of purchase collateral, other marketing costs, insurance, maintenance, linens, cleaning and office supplies, leased equipment, occupancy expenses and credit card processing fees, among other costs. These estimates do not include training expenses, general and administrative or area manager salaries or any payment to you. We do not represent that these additional costs will be your only departure from our costs. Further, we do not represent that your first three months of operating performance will be commensurate with ours. We experience wide fluctuations in development costs and in performance, particularly in the first three months after opening.
13. These estimates also do not take into account the finance charges, interest and related costs you may incur if any portion of your initial investment is debt financed.
14. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer any financing directly or indirectly for any part of the initial investment.
15. If you are purchasing an existing company-operated restaurant, the estimated initial investment (excluding the purchase price) will be lower than the applicable estimated initial investment detailed above since there will be no costs associated with initial building and site improvement and equipment and signage. You will, however, likely incur costs for business licenses, utility deposits, insurance, and,

depending on the condition of the restaurant and the equipment that you purchase, you may incur additional costs in connection with, among other things, repairs to the restaurant. These costs will vary by city and by restaurant.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally.

To ensure that high and uniform standards of quality and service are maintained, you must operate your Noodles & Company restaurant in strict conformity with our methods, standards and specifications and you must purchase all ingredients, goods, supplies, fixtures, equipment and inventory only from suppliers and distributors we have approved both before and after you open your restaurant. As of the date of this disclosure document, you are not required to purchase or lease any goods or services from Noodles & Company, with the exception of any IT support services, additional training provided and quality assurance programs.

The Franchisor is the only approved supplier of IT Support Services provided for in the IT Support Services Agreement.

Ingredients and Other Products.

The noodle dishes and other products sold at Noodles & Company restaurants are distinctive as a result of being made with proprietary and/or uniquely specified and sourced ingredients (e.g., the sauces and other ingredients from which the distinctive noodle dishes and other products are made for Noodles & Company restaurants), which are manufactured or produced pursuant to proprietary processes or are sourced or stocked per our requirements. The ingredients, and the dishes into which they are made, are all integral components of the Noodles & Company restaurant franchise and are inextricably interrelated with the Marks and the System.

The Noodles & Company restaurant franchise could not be offered efficiently or effectively without the inclusion of the ingredients as an essential and integral component of the System. You therefore are required to purchase all ingredients and products in accordance with the terms of Section 9 of the Franchise Agreement. Specifically, you are required to purchase exclusively from Approved and Designated Suppliers. As defined in the Franchise Agreement, a "Designated Supplier" is any supplier whom we authorize to manufacture or distribute Proprietary Products. Additionally, you agree to purchase from Approved Suppliers those ingredients, products and services we authorize now or in the future to be provided and or produced by Approved Suppliers, subject to your right to purchase from Alternative Approved Suppliers. An "Alternative Approved Supplier" is any supplier who has been proposed by you or by another franchisee and who has been approved by us to provide and/or produce ingredients, products and services in accordance with the terms of the Franchise Agreement. We reserve the right to designate

any ingredient as a Proprietary Product. Products not designated as Proprietary Products are referred to as “Non-Proprietary Products.” Designated and Approved Suppliers have the right to profit from the sale of products and ingredients. We do not act in any fiduciary capacity for you in our relationship with any Designated or Approved Suppliers; however, we do negotiate contracts for use by and binding upon all Franchise-owned and Company-owned Restaurants. None of our officers have an ownership interest in any of our Designated or Approved Suppliers.

Provided you and your affiliates are in compliance with the Franchise Agreement and all other agreements with us, we will cause Designated and Approved Suppliers to sell reasonable quantities of products and ingredients to you in accordance with the terms of Section 9 of the Franchise Agreement. We will use reasonable efforts to cause Designated Suppliers to sell to you reasonable quantities of Proprietary Products. All Proprietary Products, as well as all other ingredients and products, are sold at prices and on shipping terms established and changed by the supplier. Designated and Approved Suppliers may establish credit terms, if any, as deemed appropriate.

Designated and Approved Suppliers will not be liable for any delay in the delivery of products as a result of any cause beyond their reasonable control, except in accordance with our contracts with them. Designated and Approved Suppliers may establish policies and procedures for the allocation and distribution of ingredients and products among Noodles & Company restaurants.

If you desire to procure authorized Non-Proprietary Products from a supplier other than one previously approved or designated by us, you must deliver written notice to our Purchasing Department of your desire to seek approval of the supplier, which notice must: (1) identify the name and address of the supplier; (2) contain the information requested by us or required to be provided pursuant to the Operations Manual (which may include reasonable financial, operational and economic information regarding its business) and (3) identify the authorized Non-Proprietary Products desired to be purchased from the supplier. We will, upon your request, furnish specifications for the Non-Proprietary Products if they are not contained in the Operations Manual. We will not be obligated to disclose the terms and conditions, including the pricing, to anyone as to Proprietary or Non-Proprietary Products. We may request that the proposed supplier furnish us, at no cost to us, product samples, specifications and other information as we may require. We or our representatives, including qualified third parties, will also be permitted to inspect the proposed supplier’s facilities and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for Noodles & Company restaurants.

We will use our good faith efforts to notify you of our decision within 120 days after our receipt of product samples from the proposed alternative supplier and other requested information, however, we will strive to complete our review within 60 days. We are not required to approve any supplier, and without limiting our right to approve or disapprove a supplier in our sole discretion, you acknowledge that it is generally disadvantageous to the system from a cost and service basis to have more than one supplier in any given

market area and that, among the other factors we may consider in deciding whether to approve a proposed supplier, we may consider the effect that the approval may have on the ability of us and other Area Operators to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide. We may also determine that certain Non-Proprietary Products (e.g. beverages) must be limited to a designated brand or brands set by us. We may revoke our approval upon the alternate supplier's failure to continue to meet any of our criteria. If we approve the alternate supplier, the supplier must be designated an "Alternative Approved Supplier."

As an additional condition of its approval, we may require a supplier to agree in writing: (1) to provide, upon our request, free samples of any Non-Proprietary Product it intends to supply to you; (2) to faithfully comply with our specifications for applicable Non-Proprietary Products sold by it; (3) to sell any Non-Proprietary Product bearing our Marks only to our franchisees and only pursuant to a trademark license agreement in form required by us; (4) to provide to us duplicate purchase invoices for our records and inspection purposes; (5) to make the products available to all of our Company-owned and Franchise-owned Restaurants; (6) to otherwise comply with our reasonable requests; and (7) to complete and submit a Noodles & Company supplier packet including 3rd party audits.

You or the proposed distributor or supplier must pay to us in advance all of our reasonably anticipated costs in reviewing the application of the Alternate Approved Supplier and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Alternate Approved Suppliers' facilities, equipment and food products, and all product testing costs paid by us to third parties.

Other Products and Services.

The reputation and goodwill of Noodles & Company restaurants are based on, and must be maintained by, the sale of distinctive high-quality products, merchandise and services. Therefore, your Noodles & Company restaurant must use and offer for sale only food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from suppliers we have approved. Where we have Proprietary Products, you must use the ingredients and products without exception. The list of brands and suppliers are contained in our Noodles & Company Operations Manual, and we may modify that list when we deem necessary in our sole discretion. After notice of a modification, you may not reorder any brand or reorder from any supplier that is no longer approved.

If you propose to use any brand and supplier that is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning the brand and supplier so that we can decide whether the brand complies with our specifications and standards and the supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs. We will notify you of our

decision in accordance with the Franchise Agreement. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement. We may impose limits on the number of suppliers and brands for any of the items. We may formulate and modify, at our sole discretion, specifications and standards we impose on franchisees and suppliers. Specifications and standards are issued to franchisees through the Noodles & Company Operations Manual and to suppliers by written agreement.

We attempt to negotiate purchase arrangements with third-party suppliers (including price terms) for the benefit of all Noodles & Company restaurants, including those owned by franchisees. We do not provide material benefits (e.g. renewal or additional franchises) to a franchisee based on use of designated or approved suppliers.

You will be required to purchase IT support services from us. These services, and the related fees, are described in Item 11.

We estimate that the required purchases of Proprietary and Non-Proprietary goods, services, leases, supplies, fixtures, equipment and inventory from Designated Suppliers and Approved Suppliers will represent between 29% and 45% approximately of all purchases of goods, services, leases, supplies, fixtures, equipment and inventory necessary to open a franchise restaurant and approximately 71% of all such purchases to operate a franchise restaurant. The above goods and services do not include: (1) salaries, wages, payroll taxes and benefits, (2) advertising costs, or (3) depreciation and amortization. This percent assumes average initial construction and opening costs and one year of operation costs.

Currently there are no franchisee purchasing or distribution cooperatives.

Items We Supply or Derive Revenue From.

The prices established by suppliers at which Proprietary and Non-Proprietary Products will be sold to you are based upon the price we have negotiated with them based on the purchasing power that we have established thus far.

We customarily receive rebates, allowances, and similar payments or concessions from suppliers based on purchases of products by our Company-owned Restaurants.

In March 2020, our wholly-owned subsidiary, Noodles Virginia, acquired in a merger the assets of the third party gift card service provider previously used by us. Noodles Virginia issues the gift cards, bears the liabilities for the cards and manages and operates the gift card program for Noodles & Company and its franchisees. Pursuant to our gift card program, each franchisee will provide proceeds from sales of gift cards to Noodles Virginia and will be credited by Noodles Virginia with the face amount of gift cards redeemed at restaurants operated by the franchisee.

Except with respect to certain IT Support services described in Item 11 of this disclosure document, we do not currently derive revenue or other material consideration from required leases or purchases by franchisees.

Specifications, Standards and Procedures.

Each aspect of the interior and exterior appearance, layout, decor, trade dress, services and operation of your Noodles & Company restaurants is subject to our specifications and standards. You must comply with all mandatory specifications, standards and operating procedures (whether contained in the Noodles & Company Operations Manual, the Weekly Roundup or any other written communication) regarding the appearance, function, cleanliness and operation of all Noodles & Company restaurants.

Franchisor's annual revenue in 2022 based on the most recent audited financial statements is \$509,480,000. In 2022, franchisor received \$946,550 for IT Support Services. Such revenue represents 0.19% of the total revenue.

Insurance.

You must maintain in force insurance: (1) with companies with a rating of A- or better as set forth in the AM Best Key Rating Guide, (2) containing the types and minimum amounts of coverage and exclusions we require and commercially reasonable deductibles, but no more than what is described below for each coverage, (3) name us and our affiliates as additional insureds and loss payees (to provide us recompense if we suffer damage), (4) provide thirty (30) days prior written notice to us of any material modification, cancellation, non-renewal or expiration of the policy, and (5) include other provisions as we may require. Copies of all certificates of insurance must be provided to Noodles & Company.

Except as otherwise agreed by Noodles & Company in writing, you must maintain in force the following insurance:

Commercial General Liability Occurrence Coverage Form CG 00 01 01 96 (or equivalent) with limits of not less than \$1,000,000 each occurrence, \$1,000,000 products/completed operations aggregate, \$1,000,000 personal injury/advertising injury aggregate and \$2,000,000 general aggregate, which limits must be specifically endorsed to provide that the general aggregate limit applies separately to each location. Deductible may not exceed \$100,000.

Cyber Insurance with limits of not less than \$1,000,000 (or such higher amount as we may require) and with no sub-limits covering Network Security & Privacy Liability, Event Management/Breach Response Costs, Privacy Regulatory Fines and Penalties, PCI-DSS, Fines and Penalties, Cyber Extortion, Business Interruption and Data Restoration.

All Risk Commercial Property Insurance covering the building (where applicable), fixtures, equipment, tenant improvements and betterments, fire, extended coverage,

vandalism and malicious mischief insurance. The coverage must, at a minimum, cover the perils insured under the ISO special causes of loss form (CP 10 30) and insure the property on a replacement-cost basis. Deductible may not exceed \$10,000.

Automobile Insurance with limits of not less than \$1,000,000 covering bodily injury liability and property damage liability arising out of the use of any owned, non-owned or hired motor vehicles. Deductible may not exceed \$25,000 physical damage and \$100,000 liability damage.

Workers Compensation Insurance in a form prescribed by the laws of the state in which you are operating in and Employer's Liability with a minimum coverage limit of \$500,000. Deductible may not exceed \$150,000.

Excess Liability coverage with a limit of liability no less than \$10,000,000 each occurrence, and \$10,000,000 aggregate or such other limit as approved by us.

Business Interruption Insurance in an amount sufficient to pay 12 months expense.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.01 of Franchise Agreement; Section 3 of Area Development Agreement	Items 7 and 11
b. Pre-opening purchases / leases	Sections 3.02, 3.03, 3.04, and 3.05 of Franchise Agreement	Items 6,7,8 and 11
c. Site development and other pre-opening requirements	Sections 3.03, 3.04, and 3.05 of Franchise Agreement	Items 6,7,8 and 11
d. Initial and ongoing training	Sections 3.05 and 4 of Franchise Agreement; Section 4.03 of Area Development Agreement	Item 11

e. Opening	Sections 3.04, 3.05, and 10.03 of Franchise Agreement	Item 11
f. Fees	Sections 6 and 10 of Franchise Agreement; Sections 2.01, 3.04 and 7 of Area Development Agreement; Section 6 of IT Support Services Agreement, Exhibit A of IT Support Services Agreement	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operating Manual	Sections 4.03, 9 and 12 of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 5, 7.02 and 7.03 of Franchise Agreement; Sections 1.04, 2.04, 5.03 and 6.02 of Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 9 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 9.06 of Franchise Agreement	Item 15
k. Territorial development and sales quotas	Sections 2.02 and 2.03 of Franchise Agreement; Section 2 of Area Development Agreement	Items 11 and 12
l. Ongoing product/service purchases	Section 9 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 9.01, 9.02 and 9.06 of Franchise Agreement	Item 17
n. Insurance	Section 9.08 of Franchise Agreement and Exhibit A of IT Support Services Agreement	Item 8
o. Advertising	Section 10 of Franchise Agreement	Items 6, 7, 8, and 11

p. Indemnification	Section 18.02 of Franchise Agreement; Section 5.02 of Area Development Agreement; Section 9 of IT Support Services Agreement	Item 6
q. Owner's participation/management/staffing	Sections 8, 9.07, 9.08 and 9.09 of Franchise Agreement; Sections 4.02 and 4.03 of Area Development Agreement	Item 15
r. Records and reports	Sections 11 and 13 of Franchise Agreement	Item 8
s. Inspections and audits	Sections 11 and 13 of Franchise Agreement	Item 6
t. Transfer	Section 14 of Franchise Agreement; Section 7 of Area Development Agreement	Items 6 and 17
u. Renewal	Section 17 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 7.03 of Franchise Agreement; Section 6.03 of Area Development Agreement	Item 17
w. Non-competition covenants	Sections 7.02 and 7.03 and Exhibit D of Franchise Agreement; Sections 4.02, 7.02, 6.02 and 6.03 and Exhibit D of Area Development Agreement	Items 12 and 17
x. Dispute resolution	Section 19 of Franchise Agreement; Section 10 of Area Development Agreement	Item 17
v. Other	Not Applicable	Not Applicable
w. IT procurement	Section 4.1 of IT Support Services Agreement	Item 11
x. Maintaining Current Technology	Section 4.2 of IT Support Services Agreement	Item 11

y. Leasing IT Equipment	Section 4.3 of IT Support Services Agreement	Item 11
z. IT User Training	Section 4.5 of IT Support Services Agreement	Item 11
aa. Maintain Archive Communications link for IT Support	Section 4.6 of IT Support Services Agreement	Item 11

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations.

Before you open your Noodles & Company restaurant:

1. We will provide Area Operators general guidance in selecting sites. (Area Development Agreement, Section 3; Franchise Agreement Section 3.01);

We will give you our site selection criteria for Noodles & Company restaurants and provide such on-site evaluation of proposed sites that we deem necessary or appropriate. You must submit to us, in accordance with procedures we establish from time to time, a complete "Site Package" containing all information that we reasonably require for each site for a Noodles & Company restaurant that you propose to develop and operate and that meets our then-current standard site selection criteria for Noodles & Company restaurants. Our Real Estate Site Approval Committee meets approximately every 4 weeks, and Area Operators are responsible for submitting their sites for approval at least one week before the meeting.

We will approve or reject each site for which you submit to us a complete Site Package. Our executed Site Approval Form is the exclusive means by which we approve a proposed site. We will use all reasonable efforts to make a site approval decision and, if the site is accepted, deliver a Site Approval Form to you within 45

days after we receive the complete Site Package and any other materials we have requested. In deciding whether to approve or reject a site you propose, we may consider various factors, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, site economics, location of other retail food establishments (including other Noodles & Company restaurants) and size, condition trade dress, configuration, appearance, and other physical characteristics of the site. Your restaurants may not be relocated without our prior written consent and compliance with our then-current site criteria.

No lease for an approved site may be entered into without our prior written consent, which we will not unreasonably withhold.

2. We will provide you with our layout requirements for your Noodles & Company restaurants, and, except in the case where you are an Affiliate of an existing area operator of Noodles & Company restaurants who has already opened restaurants, we will provide the space plans and signage layouts for your first three restaurants. We must approve your plans for additional restaurants you develop. We will provide you with construction orientation for your first restaurant. We will specify the equipment, furniture, fixtures and signs for your restaurant and provide you with a list of approved suppliers. We will review reports on the status of construction that you provide, and, if we choose, visit the construction site. We will also provide guidance to you in developing your Noodles & Company restaurants as we determine. (Franchise Agreement, Section 3.03);
3. We will provide training to you and/or your first Operating Partner and a limited number of your general managers. However, as described in Item 7 and Section 4 of the Franchise Agreement, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred due to any training programs. This training is described in detail later in this Item. (Franchise Agreement, Section 4);
4. We will allow you access to our internal site which is an app platform powered by PlayerLync. This site is internally referred to as “The Binder” and is operated on an iPad. You will provide the hardware (iPad) based on the requirements of the platform. The system cost is per device per month. “The Binder” will provide you access to our electronic Operations Manual and other helpful information. You may print one copy of the Noodles & Company Operations Manual (147 pages) from “The Binder”, which is allowed as a loan to you. (The Operations Manual Table of Contents is attached as Exhibit D.) The Operations Manual currently consists of a series of documents and writings regarding training, management, quality assurance, health and safety, safety and security, customer service, Approved Suppliers and other requirements for the establishment and operation of a Noodles & Company restaurant. (Franchise Agreement, Sections 4.03 and 12). You are solely responsible for any access license fees associated with use of the portal and for obtaining all necessary hardware and software for this access; and

5. If you have not previously owned or managed a Noodles & Company restaurant, then, except in the case where you are an Affiliate of an existing area operator of Noodles & Company restaurants who has already opened restaurants, we will provide you with opening operational assistance for your first two Noodles & Company restaurants (Franchise Agreement, Section 3.06).

Continuing Obligations.

During the operation of your Noodles & Company restaurant:

1. We will provide guidance to you with regard to the System, including improvements and changes. (Franchise Agreement, Section 4.02 and 12);
2. We will periodically modify the Noodles & Company Operations Manual internally referred to as "The Binder" to reflect changes in standards, specifications and operating procedures. (Franchise Agreement, Sections 4.02 and 12);
3. We will periodically issue specifications, standards, methods and operating procedures for Noodles & Company restaurants. (Franchise Agreement, Sections 4.02, 9 and 12); and, to the extent permitted by law, periodically recommend or require minimum or maximum prices for the products your Restaurant sells, including through the use of coupons, price point promotions, special promotions, Multi-Area Marketing Programs, and product launches. (Franchise Agreement, Section 10.06);
4. We will use reasonable efforts to cause Designated Suppliers or Approved Suppliers, as applicable, to sell to you Proprietary Products and Non-Proprietary Products as described in Item 8. (Franchise Agreement, Section 9);
5. We, at our discretion, may administer marketing and advertising funds for the development of advertising and related programs and materials. (Franchise Agreement, Section 10);
6. We will provide periodic and on-going training programs for you and/or your Operating Partner (described in Item 15) and a limited number of your general managers. However, as described in Item 7, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred due to any training programs and we may charge a fee for this additional training. This training is described in detail later in this Item. (Franchise Agreement, Section 4); and
7. We, at your request or at our discretion, may provide you with guidance for establishing your own certified training programs for certain personnel; however, you may not train any general managers or assistant managers until we have certified your training program as meeting our standards, which certification may be revoked if your training program does not continue to meet our standards.

(Franchise Agreement, Section 4.03). We may charge a fee for this guidance and to certify your training program.

Site Selection.

You select the site for your Noodles & Company restaurants, subject to our approval. If we do not approve a site you propose, you may select another site, subject to our approval. We will not enter into a Franchise Agreement with you for a restaurant until after we have approved the site. If you enter into an Area Development Agreement with us, you must select sites within your specified Development Area in accordance with the Area Development Agreement and its included schedule. We must approve the location of future units and our then current standards for sites will apply. Failure to do so could result in your violation of your covenants in the Area Development Agreement and termination of the Area Development Agreement. We will provide you with our site selection criteria and/or on-site evaluations of sites as we deem appropriate.

We may, at our discretion, utilize a model designed for us to predict sales volumes at proposed sites for our Company-owned Restaurants, and may require you to use such model or such other similar service approved by us in our sole discretion. We do not warrant or represent that the model or such similar service is accurate, but it is one of the tools which may be made available to FAOs to help them make decisions about prospective locations. In the event we require the use of any such model or service in the future, you may be required to pay the fees associated with such model or service.

Before you acquire, by lease or purchase, any site for a Noodles & Company restaurant, you must submit a complete Site Package to us. We will provide training to you to assist you in completing a typical Site Package for your first restaurant. We will review each Site Package and determine whether to approve the site after considering factors we deem appropriate, including the general location and neighborhood, demographic information, site economics, traffic patterns, access, visibility, location of other restaurants and food establishments, size, configuration, signage and trade dress that is available, appearance and other physical and non-physical characteristics of the site. If we approve the site, we will deliver to you a signed Site Approval Form. We will use reasonable efforts to make a site approval decision within 45 days after we acknowledge receipt of a complete Site Package and any other materials we have requested. (Area Development Agreement, Section 3.02; Franchise Agreement, Section 3.01).

Neither our approval of the premises nor any information communicated to you regarding our standard site selection criteria for Noodles & Company restaurants will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site for a Noodles & Company restaurant. Our approval of the proposed site merely signifies that we are willing to grant a franchise for a Noodles & Company restaurant at the site. Your Noodles & Company restaurant may not be closed or relocated without first obtaining our written consent. (Franchise Agreement, Section 2.01; Area Development Agreement, Section 3.02).

We estimate the time from the date you sign the Area Development Agreement to the date you open your first Noodles & Company restaurant to be between six and twelve months. However, this time estimate may vary depending on numerous factors including your ability to obtain a lease, your ability to obtain financing, weather delays, other construction delays, delays in obtaining building permits and zoning issues, among other factors. Your Noodles & Company restaurant must be open and operating within 180 days after you sign the Franchise Agreement.

If you are purchasing an existing company-operated restaurant, the time between execution of the Asset Purchase Agreement and your beginning to operate the restaurant is approximately 1 to 4 months.

Training.

Before opening your Noodles & Company restaurant, you and your Operating Partner (described in [Item 15](#)), and management personnel for your Noodles & Company restaurant who have not previously graduated from our certified training programs or approved training programs (as applicable depending on position) must successfully complete the appropriate training program as described in the Franchise Agreement, [Section 4](#). Your personnel must also be trained using our approved training programs and materials, as outlined in the Operations Manual. All training must be completed to Noodles & Company's satisfaction. Failure to timely complete training to Noodles & Company's satisfaction could result in the termination of your Area Development Agreement or Franchise Agreement(s), or both.

You and your Operating Partner must complete all Noodles & Company training, which includes hands-on training and classroom training covering all phases of Noodles & Company restaurant operations, including food preparation, food safety, equipment operation and maintenance, cost control, inventory control and basic techniques of management. The training time periods and locations will be set forth by Noodles & Company, as amended, in the Noodles & Company Operations Manual and other materials as we deem appropriate. You and your Operating Partner must start your training at least 16 weeks prior to your first restaurant opening and your General Manager must start his/her training at least 12 weeks prior to the restaurant opening. Currently, training typically occurs at the Noodles & Company Central Support Office in Broomfield, Colorado, and at certified training restaurants in Colorado and in other states. The duration of general manager training under the current general manager training schedule is set forth in the Training Summary provided below. Training is currently scheduled based on a mutually agreed upon schedule between the FAO and Noodles & Company.

As of the date of this disclosure document, training will be administered by Bill Knopf, Vice President of Ops Services and various members of our staff and Noodles & Company restaurant management personnel who have experience in the operation of Noodles & Company restaurants. Mr. Knopf has been working within the restaurant industry for 25 years in various operations and training positions in multiple Fast Casual

concepts, which has included serving as a Regional Training Manager. Mr. Knopf has been with Noodles & Company since 2009. During this time he also served as Market Director and Area Manager in the East Region. In most cases, our trainers have an average of 4-6 years of previous experience with Noodles & Company.

You are required to use the Company designated systems for procedures and training. The internal procedure system is The Binder. The training systems is a web-based Learning Management system. It's called The Table and all new hire and development training is done via this website-based platform. It works on all devices with an internet connection and all team members have personal access to it to absorb their training. The cost is per restaurant per month. You must replace any individual who fails to successfully complete the appropriate training program(s) or who otherwise is not qualified to manage or perform the required functions at a Noodles & Company restaurant. We will not charge any fees for attending the training programs we are required to provide pursuant to the Franchise Agreement; however, you must pay for additional training. As described in Item 7, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred due to any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

In addition to the training program, we will require you and/or your Operating Partner and other personnel for your Noodles & Company restaurant to attend and successfully complete periodic or additional training or informational programs. We may, at our sole discretion, require or allow you to establish a certified training program (that must continue to meet our high standards) for some or all of your personnel. If any of your personnel fail to perform their duties in accordance with the certified training program you establish under our standards, they must again complete the certified training program and be re-certified.

If an FAO opens a restaurant more than 2 years after their last and only has 1-3 operating restaurants, they will be required to use 50% company support (Journey Leaders) during the NRO at the FAOs expense.

TRAINING SUMMARY

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation	0	2 hours	Certified Noodles & Company Training Restaurant

Restaurant Operations - Station Training (includes Food Presentation & Safe Handling)	0	200 hours (10 hours per day/5 days a week for 3 weeks)	Certified Noodles & Company Training Restaurant
Management Training	0	100 hours (10 hours per day/5 days a week for 3 weeks)	Certified Noodles & Company Training Restaurant
Train-the-Trainer	0	On-Going within the Station Program	Certified Noodles & Company Training Restaurant
Operating a Restaurant	0	80-160 hours (based on prior restaurant experience and timing of FAO restaurant opening)	Certified Noodles & Company Training Restaurant or designated restaurant that is agreed upon
New Restaurant Opening (Boot Camp Training Only)	0	65 hours (15 hour days for 4 days & 5 hours on set-up day)	New Restaurant Opening
New Restaurant Opening (Set-Up and Mocks)	0	40 hours (10 hour days for 4 days)	New Restaurant Opening
On-Boarding – CSO Support Training	32-48 hours		Central Support Office – Broomfield, CO

*At the end of week 6, a Demo Day will be conducted on each Manager in Training (MIT) to validate what they have learned throughout their training.

The hours of on the job training are estimates. The time to complete the training for each module will vary based on each person's ability to assimilate the training material and achieve excellence.

Instructional materials for the training programs, the subjects covered in training and approximate hours of classroom and on-the-job training are described in the Operations Manual.

The training schedule is determined at mutually convenient times each quarter to meet the needs of FAOs who require training. We currently have training locations around the country. The current training schedule is set forth below.

Training Schedule

Training to be performed at a Certified Noodles & Company Training restaurant.

Week 1	Station training for Silver Bowl & Saute
Week 2	Station training for Noodle/Grill/Oven Stations
Week 3	Station training for FOH & Expo Stations
Week 4	Manager Training Opening & Closing
Week 5	
Week 6	

Marketing.

You may only use marketing, advertising and promotional materials approved by us in writing. You may use marketing, advertising and promotional materials developed by you upon our prior written approval of the materials. If approved, such materials will become the property of Noodles & Company.

Brand Development Fund.

We may, at our sole discretion, establish and administer an Advertising & Brand Development Fund ("ABDF") for the creation and development of creative materials and programs to increase brand awareness and promote the Noodles & Company brand, which may include the production and creation of marketing, advertising and public relations related programs and materials and/or fees, including media, CTV, radio, outdoor, print, search and social media, digital menu board content, POP content, website, online ordering, App content and creation, press releases, brand articles, digital programing influencers, loyalty campaigns and execution, video, photography, copywriting, graphics design and production, local marketing strategies, new restaurant opening strategies, media buying and agency fees. ("Marketing"). We will use national and regional agencies as well as our in-house marketing and public relations personnel as we deem appropriate. At our discretion, the ABDF may also pay for consumer research and the production and deployment of marketing and public relations materials. We reserve the right to have our affiliate, or a related entity manage this fund. If not covered by the ABDF, each restaurant, whether Franchise-owned or Company-owned, will be responsible for its pro rata share (or, if applicable, on a use basis), on a per restaurant basis, of the actual production costs and fees (such as print ad fees) of the marketing materials, which can be paid by dollars contributed to the Field Marketing Fund ("FMF"). Noodles & Company restaurants owned by us, and our affiliate will contribute to the ABDF on the same basis as the then-current rate for franchisees. You must contribute to the

ABDF amounts that we establish as described in Item 6. We are not currently charging you a ABDF fee; however, we reserve the right to do so in the future upon notice to you. As discussed in Section 9.11 of the Franchise Agreement and Item 8 of this disclosure document, we reserve the right to require rebates from vendors attributable to marketing to go into the ABDF as well; however, we are not currently collecting these rebates.

We will have sole discretion over all aspects of programs financed by the ABDF, including national or regional media, public relations, creative concepts, materials, endorsements and agency relationships. Although the ABDF is intended to maximize general recognition and patronage of the brand and the Marks for the benefit of all Noodles & Company restaurants, we cannot assure you that any particular Noodles & Company restaurant will benefit directly or on a pro-rata basis from advertising, marketing or public relations. Additionally, we reserve the right to define, at any time, the measurement terms for any media coverage. The ABDF may be used to pay for the cost of preparing and producing creative materials and programs we select, including video, audio, digital and printed advertising and public relations materials, media planning and buying services, and for the cost of employing advertising, marketing, branding, public relations and/or design agencies and supporting market research activities. We may furnish you with marketing, advertising, public relations and promotional materials at cost, plus any related administrative, shipping, handling and storage charges.

The ABDF will be accounted for separately from our other funds. While our intent is to balance the ABDF on an annual basis, the ABDF may run at either a surplus or deficit. All disbursements from the ABDF will be made first from income, then from rebates received from suppliers and then from contributions. We may spend, in any fiscal year, an amount greater or less than the aggregate contributions of all Noodles & Company restaurants to the ABDF in that year, and the ABDF may borrow from us or other lenders to cover deficits in the ABDF or cause the ABDF to invest any surplus for future use by the ABDF. We will prepare annually an unaudited statement of monies collected and costs incurred by the ABDF and furnish you a copy upon your request. Except as otherwise expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation regarding the maintenance, direction or administration of the ABDF. We do not act as a trustee or in any other fiduciary capacity regarding the ABDF.

We did not collect any ABDF funds in our 2022 fiscal year. We do not plan to use any marketing fees collected from franchisees to market the sale of franchises.

There is no franchisee advertising council that advises us on advertising policy. We may, at our discretion, seek the advice of owners of Franchise-owned Restaurants, by formal or informal means, regarding the creative concepts and media used for programs financed by the ABDF.

Field Marketing Funds.

You agree to spend for local advertising, public relations and marketing for your Noodles & Company restaurants in the amount specified in Item 6. These amounts spent

on local advertising and promotion will be designated as Field Marketing Funds ("FMF") and will initially be equal to 1.0% of your Net Royalty Sales. We will provide you with at least 30 days' notice if we change the amount of the FMF you must spend. You may be required to submit itemized receipts for the Field Marketing you implement, and we will review these costs and programs you have implemented for local marketing plans developed by you and approved by us.

You will pay directly the vendors or partners in the marketing program as the program is implemented and must provide documentation regarding all payments on the 15th day of each month to Noodles & Company upon our written request. For these purposes, advertising, marketing and public relations expenditures include: (1) amounts contributed to advertising cooperatives; (2) amounts spent by you for advertising media, such as digital, print, radio, television and outdoor banners, posters, direct mail, grassroots premiums, event invites, and if not provided by us at our cost, the cost of producing approved materials necessary to participate in these media; (3) marketing of coupons and special (or promotional) offers pre-approved by us (does not include the food or discount cost); (4) public relations to create goodwill, enhance public image and build the brand; and (5) community relations including events, sponsorships and fundraisers. Advertising expenditures do not include amounts spent for items, in our reasonable judgment, deemed inappropriate for meeting the minimum advertising requirement, including permanent on-premises signage, menu boards, menus, occasion signage, lighting, personnel salaries or administrative costs, transportation vehicles (even though these vehicles may display the Marks) and employee incentive programs.

Grand Opening Marketing Program.

In addition to your contributions to the ABDF and FMF, you must develop a written grand opening marketing plan and submit it to our Marketing Department for approval 60 days prior to opening. You must spend a minimum of \$15,000 for the first two restaurants in each discrete market (and \$5,000 per restaurant for each grand opening after the first two grand openings in a market) for a Grand Opening Marketing Program. Amounts spent on food and beverages to be offered as part of the Grand Opening Marketing Program must be based on your cost of such food and beverages. You must use the types of marketing and advertising programs specified in Section 10 of the Franchise Agreement and the Operations Manual. We make changes to the Grand Opening Marketing Program from time to time in the Operations Manual and you will be required to comply with the changes, including changes to the minimum amounts that must be used for the Grand Opening Marketing Program and you must conduct your Grand Opening Marketing Program in accordance with the time frame set forth in the program. You must submit to us for our prior written acceptance, samples of all advertising and promotion materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. You may not use any advertising or promotional materials that we have not approved.

Marketing Administration Fee.

In addition to the marketing expenditures and/or contributions discussed above, you must pay a Marketing Administration Fee ("MAF") described in Item 6, which is currently equal to two percent (1.25%) of your Net Royalty Sales (currently, the funds are electronically drafted.) The MAF will be used to cover general marketing costs, including: administrative costs, food and product innovation and samples, consumer research, data and analytic reporting and support, strategic planning, marketing tools (including loyalty program support, email and website support), and marketing technology (including but not limited to loyalty platform and e-commerce platform). We do not separately account for the MAF or the expenditures from it.

Marketing Cooperatives.

We have the right to establish local, regional and/or national marketing cooperatives and Multi-Area Marketing Programs for Franchise-owned and Company-owned Restaurants in your local or regional area or on a national basis, covering the geographical areas we may designate. We have the right to form, change, dissolve or merge marketing cooperatives.

If a marketing cooperative is established in your market area, you must participate in the marketing cooperative and its programs and abide by its bylaws. You must contribute the amounts to the marketing cooperative(s) as they determine in accordance with their bylaws. Any Noodles & Company restaurants we or our affiliate owns in the designated local or regional area(s) will contribute to the cooperative(s) on the same basis. Contributions to the local and regional advertising cooperatives are applied toward the FMF marketing expenditures required by the Franchise Agreement; however, if we have local, regional or national promotions, you must participate in the promotion and pay us any special promotion marketing fees assessed regarding the program, beginning on the effective date of the notice and continuing until the special promotion is concluded. Any special promotion advertising fees will be in addition to, and not applied towards, the FMF or any other advertising expenditure required by the Franchise Agreement. Cooperatives may choose to spend more than the amounts established by the Company for FMF.

The bylaws of your cooperative will be made available for you to review. Each member of the cooperative (including us) will have one vote for each restaurant that is open and operating. We will administer the advertising cooperatives and collect your cooperative advertising contributions by automatic electronic withdrawal. The financial statements of the advertising cooperatives may be unaudited or audited as we determine, and the reports will be made available to you. Each Noodles & Company restaurant located within the local or regional area of the advertising cooperative will be entitled to one vote in the cooperative. Advertising conducted by the cooperatives may be in various media including television, radio, Internet, magazine, newspaper, billboards, transit and aerial advertising.

Computer Hardware and Software.

Franchisees must record all sales on a computer-based cash register which is fully compatible with our computer system. Franchisees must also have the capability to interface electronically with our computer systems. Franchisees must have firewall protected Internet access with auditing capabilities, a modem and DSL or better communication lines for passage of electronic data. We have the right to access your data and retrieve transaction level data, time of order to time of delivery data and other information as we deem necessary or desirable, without limitation. The cash register/computer system and software will be used to record sales information, inventory, labor, cost of goods sold, transaction level data, time of order to delivery data and other financial and accounting information. This system should require, at a minimum, unique user logons and multifactor authentication for remote support.

We require you to use the current Aloha Quick Service™ application with kitchen video and Aloha Credit Card software. The typical hardware platform that is compatible with Aloha or any other Aloha hardware applications which may be used is specified by us in the Operations Manual and generally will cost \$20,000 to \$25,000 per restaurant. (This cost is included in Item 7.) Variations from the hardware specified in the Operations Manual may cause the POS system to experience problems. Annual hardware and software maintenance costs for these systems are approximately \$3,000 per restaurant.

You must also purchase and use the necessary polling and communication software, which will allow you to communicate daily financial information to us.

We may also require you to purchase and use the same back office, inventory and ideal food cost software that we use. We currently use eRestaurant Services for our inventory and ideal food cost software, which generally will cost about \$91 per month per restaurant.

The above standards represent the current systems and configuration used at Noodles & Company. If, in the future, we elect to change the software and or the hardware, you will be required, at your cost, to make the same changes or upgrades.

You must, at your expense, purchase and upgrade or replace financial and inventory data processing and communications systems whenever we require it. All hardware and software, to include the operating system, should be maintained at the level or version supported by the providing vendor. There are no contractual limits on the frequency or cost of your obligation to obtain the upgrades.

Neither we, nor any of our affiliates, are required to provide ongoing maintenance, repairs, upgrades or updates to your computer systems.

Except as described in the following paragraph, we have no obligation to assist you in obtaining hardware, software or related services for these changes and upgrades. There are no contractual limits on the frequency or cost of your obligation to obtain these

upgrades. Our specified hardware may be purchased from multiple suppliers and most of the software we require may be purchased from multiple suppliers.

You must purchase from us certain IT support services, including support of internet/phone, Aloha (POS), OLO and NoodlesRewards, data security and PCI, restaurant Office365 email account and restaurant iPad management, pursuant to an IT Support Services Agreement. Our current form of IT Support Services Agreement is included as Exhibit H to this disclosure document. The IT Support Services Agreement details the specific IT Support Services you must obtain from us and estimates the applicable costs.

ITEM 12 **TERRITORY**

Franchise Agreement.

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Franchise Agreement grants to you the right to own and operate a Noodles & Company restaurant at a specific location during the term of the agreement. You may not conduct the business of your Noodles & Company at any site other than that location. You may not relocate your Noodles & Company restaurant without our prior written consent. We will evaluate any proposed relocation site based on the then-current criteria we use to evaluate prospective franchise restaurant sites. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

During the term of your Franchise Agreement, and provided you are in compliance with the Franchise Agreement and any other agreements with us or our affiliates and are current on all obligations due to us or our affiliates, we will not operate (directly or through an affiliate), nor grant to another person the right to operate, any Noodles & Company restaurant located within a geographical area surrounding your Noodles & Company restaurant that we specify in an exhibit to the Franchise Agreement (“Protected Area”). This restriction will not apply to any restaurant(s) in operation or under lease or construction or other commitment to open before execution of your Franchise Agreement. The Protected Area will be determined using our then current standards and will be determined before we sign the Franchise Agreement based on the location of the restaurant within the mutually agreed upon trade areas. The factors to be considered include, for example, population density, site economics and the residential or commercial character of the area.

Our Reservation of Rights.

Except for the rights expressly granted to you under the Franchise Agreement, we retain all of our rights in and discretion to use the Marks and the System and to operate Noodles & Company restaurants anywhere in the world.

Because certain locations within the Protected Area are by their nature unique and separate in character from the sites to which we intend to grant you a franchise, those sites are referred to as "Non-Traditional Venues." Non-Traditional Venues are excluded from the Protected Area and we have the right to develop (by direct ownership, franchising, licensing) those locations even if those sites are located within the Protected Area and regardless of the proximity of those sites to any other Noodles & Company restaurant. Non-Traditional Venues include, for example: (1) transportation facilities, including airports, train stations, subways and rail and bus stations; (2) military bases and government offices; (3) sports facilities, including stadiums and arenas; (4) amusement parks, zoos and convention centers; (5) car and truck rest stops and travel centers and limited access highway oasis and rest and service areas; (6) casinos; (7) food courts; (8) Indian reservations and (9) museums.

We also reserve the following rights:

- (1) To operate and license others to operate Noodles & Company restaurants at any location outside of your Protected Area(s), subject to the restrictions on us operating or licensing others to operate Noodles & Company restaurants within a Development Area, as discussed below.
- (2) To operate and license others to operate Noodles & Company restaurants at any location within your Protected Area(s) after the Franchise Agreements terminates or expires.
- (3) To manufacture, distribute and sell products in your Protected Area(s) that are the same or similar to products sold in Noodles & Company restaurants using brand names that are similar to or the same as the Marks through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers and gas stations.
- (4) To sell products and services to persons located in your Protected Area(s) through other channels of distribution including, for example, the Internet, wholesale, mail-order and catalog. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market your Noodles & Company restaurant or use the Marks on the Internet or in any form of electronic commerce without our prior approval.
- (5) To operate and license others to operate other concept restaurants in your Protected Area(s).

- (6) To develop and/or own other franchise systems that operate in your Protected Area(s) and that sell the same or similar products and services as you using different trademarks than those licensed to you.
- (7) To produce, license, manufacture, sell, distribute and market Noodles & Company brand-named products, and products bearing other marks, including food and beverage products, clothing, souvenirs and novelty items in your Protected Area(s) through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers and gas stations.
- (8) To purchase or be purchased by, or merge or combine with, competing businesses wherever located.

Continuance of the limited restrictions on our ability to operate and license others to operate Noodle & Company restaurants in the Protected Area is not contingent on you achieving a certain sales volume, market penetration or other contingency. The size of your Protected Area may not be altered except if we mutually agree to modify the size in writing. We do not restrict the areas in which you may advertise or solicit customers. However, you do not have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing or other direct marketing.

Area Development Agreement.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Area Development Agreement grants you the right to develop an agreed upon number of Noodles & Company restaurants within a geographical area described in Exhibit A to the Area Development Agreement (the "Development Area"). Except as described below, during the term of the Development Agreement, we will not operate (directly or through an affiliate), nor license anyone else to operate, any Noodles & Company restaurants located within the Development Area. The size of the Development Area will depend on the number of Noodles & Company restaurants suitable for the Development Area and the trade areas within the Development Area, as we and you determine in light of a number of factors, including, for example, population density, site economics and the residential or commercial character of the area. The Development Area will generally be a metropolitan area or part of a metropolitan or substantial suburban area. The number of Noodles & Company restaurants and the dates they are to be open, and operating will also be set out in Exhibit A to the Area Development Agreement (the "Development Schedule"). The Area Development Agreement does not provide you with any certain options, rights of first refusal or similar rights to acquire or develop additional Noodles & Company restaurants in the Development Area or in any other area. We describe the site selection process in Item 11.

Our Reservation of Rights.

You do not have the right or license under the Area Development Agreement to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Noodles & Company. The Area Development Agreement does not authorize you to own or operate a Noodles & Company restaurant. That right is granted under a Franchise Agreement.

During the term of your Area Development Agreement, provided you and your affiliates are in compliance with the Area Development Agreement and all other agreements with us or any of our affiliates (including any Franchise Agreements), we will not operate (directly or through an affiliate), nor license anyone else to operate, any Noodles & Company restaurants located within the Development Area. This restriction does not include: (1) restaurants you operate in the Development Area under other Franchise Agreements with us, (2) Noodles & Company restaurants in your Development Area that are open and operating or under lease, construction or other commitment to open at the time you sign your Area Development Agreement and (3) locations in your Development Area that are Non-Traditional Venues, as described above.

Except for the rights specifically granted to you, we reserve the following rights:

- (1) To operate and license others to operate Noodles & Company restaurants at any location outside of your Development Area.
- (2) To operate and license others to operate Noodles & Company restaurants at any location within your Development Area (other than within the Protected Area for any of your then-operating Noodles & Company restaurants) after the Area Development Agreement terminates or expires.
- (3) To manufacture, distribute and sell products in your Development Area that are the same or similar to products sold in Noodles & Company restaurants using brand names that are similar to or the same as the Marks through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers and gas stations.
- (4) To sell products and services to persons located in your Development Area through other channels of distribution including, for example, the Internet, wholesale, mail-order and catalog. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market your Noodles & Company restaurant or use the Marks on the Internet or in any form of electronic commerce without our prior approval.
- (5) To operate and license others to operate other concept restaurants in your Development Area.
- (6) To develop and/or own other franchise systems that operate in your Development Area and that sell the same or similar products and services as you using different trademarks than those licensed to you under your Franchise Agreement(s).

- (7) To produce, license, manufacture, sell, distribute and market Noodles & Company brand-named products, and products bearing other marks, including food and beverage products, clothing, souvenirs and novelty items in your Development Area through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers and gas stations.
- (8) To purchase or be purchased by, or merge or combine with, competing businesses wherever located.

Your Obligation to Develop.

Within the time periods set forth in your Development Schedule, you must open and operate the cumulative number of Noodles & Company restaurants in the Development Area set out in that Schedule. We have no obligation under any circumstances to extend the Development Schedule, except in very limited circumstances involving severe weather, and then only for a very limited time. Your failure to develop and operate Noodles & Company restaurants in accordance with the Development Schedule will be a material breach of the Area Development Agreement; however, our right to terminate the Area Development Agreement will be our exclusive remedy for your failure to meet the Development Schedule in accordance with the Area Development Agreement terms.

Continuance of the limited restrictions on our ability to operate and license others to operate Noodles & Company restaurants in the Development Area is not contingent on you achieving a certain sales volume, market penetration or other contingency. The size of your Development Area may not be altered except if we mutually agree to modify the size in writing.

Competing Businesses.



There are no restrictions on our ability to solicit or accept orders from customers at any location, nor must we compensate you if we solicit or accept orders in your Protected Area. We may, in the future, engage in the wholesale distribution of Noodles & Company products to restaurants, grocery stores, caterers and other outlets under the Marks or other names and marks. Otherwise, we do not currently operate, or franchise the operation of, any other business selling under different trademarks any products or services similar to the products and services offered by Noodles & Company restaurants, and we presently do not have any plans to do so; however, we reserve the right to do so in the future.





We and our affiliates may merchandise and distribute goods and services identified by the Marks (or different proprietary marks) through methods or channels of distribution other than restaurants. You have no right under the Development Agreement or Franchise Agreement to operate any restaurant for which a Franchise Agreement has not been executed.

ITEM 13
TRADEMARKS



Under the Franchise Agreement, we grant to you the right to operate a Noodles & Company restaurant under the name "Noodles & Company" using the logo design shown in the center of the Cover Page, and under any other trade names, trademarks, service marks, trade dress and logos currently used or that may be used in the future for the operation of Noodles & Company restaurants using the System to the extent we designate the Marks for use by you.

Noodles & Company currently owns the principal trade and service marks listed below, and other trade and service marks (collectively, "Marks"), used in the business of owning and operating Noodles & Company restaurants and supporting franchise operations (including the right to sublicense the Marks to our franchisees); however, we reserve the right to transfer any or all of the Marks to a related company. If we do transfer the Marks to a related company, we will secure a license or other right for you to use the Marks that we deem necessary for you to operate your Noodles & Company restaurant. The following Marks are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration No.	Registration Date
NOODLES & COMPANY	2,547,018	March 12, 2002
NOODLES & COMPANY and Design 	3,333,189	November 13, 2007
NOODLES & COMPANY	3,663,655	August 4, 2009
NOODLES & COMPANY and Design 	4,562,774	July 8, 2014
YOUR WORLD KITCHEN	4,325,707	April 23, 2013

<p>NOODLES & COMPANY WORLD KITCHEN and Design</p> 	5,055,941	October 4, 2016
<p><u>NOODLES WORLD KITCHEN</u></p>	5,325,605	October 31, 2017
<p><u>NOODLES WORLD KITCHEN and Design</u></p> 	5,330,975	November 7, 2017
<p><u>NOODLES WORLD KITCHEN and Design</u></p> 	5,558,608	September 11, 2018
<p><u>NOODLES REWARDS and Design</u></p> 	5,342,215	November 21, 2017
<p><u>NOODLES REWARDS</u></p>	5,506,445	July 3, 2018

<p><u>NOODLES REWARDS and Design</u></p> 	5,506,458	July 3, 2018
<p><u>THE NOODLETONS</u></p>	5,582,070	October 9, 2018
<p><u>QUICK PICKUP ONLINE · APP · PHONE and Design</u></p> 	5,710,924	March 26, 2019
<p><u>Noodle Design</u></p> 	6165272	Sept. 29, 2020
<p><u>Noodle Design (To-Go Icon)</u></p> 	6165273	Sept. 29, 2020

<u>NOODLES REWARDS Horizontal Logo</u>	6234974	Dec. 29, 2020
		
<u>NOODLES REWARDS and Design</u>	6404369	June 29, 2021
		
<u>LEANGUINI</u>	6908670	Nov. 22, 2022
<u>GOODNESS GUARANTEE</u>	6908690	Nov. 22, 2022
<u>UNCOMMON GOODNESS</u>	6919355	Dec. 6, 2022
<u>CAULIFLOODLES</u>	6991981	Feb. 28, 2023

All required affidavits regarding the trademarks and service marks have been filed. The trademarks and service marks shown in the table were renewed where applicable and we intend to timely renew all other trademarks and service marks that are material to our business.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court

relating to the Principal Marks, and there are no pending infringements, opposition or cancellation proceedings or any pending material litigation, involving the Principal Marks.

You must use all names and Marks in full compliance with rules determined by Noodles & Company. You may not use any name or Mark as part of any corporate name or other business name or with any prefix, suffix or other modifying words, terms, designs or symbols, other than logos Noodles & Company licenses to you and the name or other approved designation in the Development Area in which the Noodles & Company restaurant is located. In addition, you may not use any name or Mark, in or to attempt or to accomplish the sale of, any unauthorized product or service or in any other manner that Noodles & Company has not explicitly authorized in writing.

There are no agreements currently in effect that significantly limit the rights of Noodles & Company to use or license the use of the mark "Noodles & Company" or the logo design in any manner material to the franchise. Noodles & Company does not know of either superior prior rights or infringing uses of the Marks that could materially affect your use of the Marks.

If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you must comply with our directions within a reasonable time after notice. You must bear all costs and expenses applicable to your Noodles & Company restaurant should we decide to modify the Marks or adopt new marks. We will have no liability or obligation regarding any required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights to any Mark, and you must not communicate with any person other than your legal counsel, us, our affiliate, if applicable, and our respective legal counsel regarding any infringement, challenge or claim. We, and our affiliate, if applicable, will have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim or otherwise pertaining to any Mark. You must sign all instruments and documents, provide assistance and do all acts and things as, in the opinion of our, or our affiliate's, if applicable, legal counsel, may be necessary or advisable to protect our, or our applicable affiliate's, interests in any litigation or USPTO or other administrative proceeding or otherwise to protect its interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark under the Franchise Agreement in the United States as to any United States third-party rights to the Marks and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and you and your owners are in compliance with the Franchise Agreement and all other agreements

entered into with us and our affiliate, if applicable. At our, and our applicable affiliate's sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we, and our affiliate, if applicable, decides to prosecute, defend or settle any matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

Social Media.

You may not promote, offer or sell any products or services relating to your Noodles & Company restaurant through, or use any of the Marks on, the Internet, social media, social networks or other future technological avenues (collectively, "Social Media") without our prior written consent, which we may withhold for any or no reason. You must, at all times, comply with our Social Media policy, as modified periodically. Your use of any Social Media relating to your Noodles & Company Restaurant is subject to our prior written approval. You may not establish an independent site or page on any Social Media without our prior written consent. If we authorize you to have and/or design a site or a page on any Social Media for your Noodles & Company restaurant, your site and page may only be accessed from our site or page, and we may prohibit links between your site or page and any other site. Any use of Social Media by you with respect to your Noodles & Company restaurant is subject to the advertising restrictions in the Franchise Agreement. You must comply with any additional policies and standards we issue from time to time regarding Social Media. Any copyright in your sites or pages on any Social Media are owned by us, and you must sign any documents that we reasonably deem necessary to affirm our ownership of the copyright. If necessary, you must ensure that any web site service provider or web site hosting company with which you do business cooperates with us. On occasion, we may provide you content for your sites and pages on Social Media. We must consent to any changes to your sites and pages on Social Media.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except as discussed in the following paragraph, we do not own any patents, patent applications or copyrights that are material to the franchise.

We claim copyright protection for our Noodles & Company Operations Manual; printed advertising and promotional materials; certain plans and specifications for the design, layout and development of Noodle & Company restaurants (and any modifications you make to those plans), product specifications, computer programs, training materials, newsletters, and other operations and accounting materials and forms.

We also consider certain information used in the development and operations of Noodles & Company restaurants, trade secrets and proprietary information. This information includes, but is not limited to:

- (1) ingredients, recipes and methods of preparation and presentation of certain food products;
- (2) site selection criteria for Noodles & Company restaurants and plans and specifications for the development of Noodles & Company restaurants;
- (3) sales, marketing and advertising programs and techniques for Noodles & Company restaurants;
- (4) identity of suppliers and knowledge of specifications, processes, procedures and equipment, and pricing for authorized food products, materials, supplies and equipment;
- (5) knowledge of operating results and financial performance of Noodles & Company restaurants, other than your own Noodles & Company restaurants;
- (6) methods of inventory control, storage, product handling, food cost and management of Noodles & Company restaurants;
- (7) computer systems and software programs; and
- (8) other information and specifications related to the development and operation of Noodles & Company restaurants that are included in the Noodles & Company Operations Manual and in other materials that we provide to you.

All ideas, concepts, methods or techniques useful to Noodles & Company restaurants, whether or not constituting protectable intellectual property, and whether created by you or on your behalf, must be promptly disclosed to us and, if adopted as part of the System, will be considered our property and works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in the ideas, concepts, methods or techniques.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. Your restrictions on disclosure and use of confidential information do not apply to information or techniques which are or become generally known in the restaurant industry (other than through your own or wrongful disclosure), provided you obtain our prior written consent to the disclosure or use.

Except as noted above, we are not required by any agreement to protect or defend copyrights or confidential information, although we will do so when this action is in the best interest of our franchise system.

ITEM 15
OBLIGATION TO PARTICIPATE
IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must be a business corporation, partnership, limited liability company or other legal business entity to obtain an ADA or Franchise from us. You are not obligated to participate directly in the development and operation of your Noodles & Company restaurant. However, you must designate as your "Operating Partner" an individual approved by us who must: (1) have completed our Operating Partner training program to our satisfaction; (2) be the senior management individual who is involved in day-to-day operations of your Noodles & Company restaurants; (3) be the person with whom we communicate as to development, operations and Area Operator matters; (4) have the authority to bind you regarding all operational decisions regarding your Noodles & Company restaurant; and (4) continuously have primary residency in the Development Area. Your Operating Partner is not required to own an equity interest in you.

Your Operating Partner: (1) must exert his/her full-time and best efforts to develop and operate the Noodles & Company restaurant being franchised and all other Noodles & Company restaurants you own; and (2) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or that otherwise may conflict with the obligations under the Franchise Agreement. Your Noodles & Company restaurant must, at all times, be managed by you, your Operating Partner or by a manager who has completed the appropriate training program to our satisfaction. He/she must adhere to our customer service standards as outlined in the Operations Manual.

If you operate more than one Noodles & Company restaurant, you must hire a full-time general manager for each restaurant. Each of your general managers must dedicate 100.0% of his or her working time to the management of his or her restaurant. Your collective Noodles & Company restaurants must be under the on-site supervision of the Operating Partner or one or more full-time area or district managers who have completed the appropriate training program to our satisfaction. You may not operate any of your Noodles & Company restaurants without covering every shift with a suitably trained manager or shift supervisor.

As more fully set forth in the Franchise Agreement and the Area Development Agreement, you must implement all reasonable procedures we require to prevent unauthorized use or disclosure of confidential information. The procedures include the use of non-disclosure agreements with your owners, officers, directors and general managers and limiting the dissemination of the information to only those employees of yours who need to know. You and your owners must deliver the agreements to us. At the end of the term of a Franchise Agreement or Area Development Agreement, you must

deliver to us the Operations Manual and all confidential information we will have loaned or otherwise provided to you.

All of your owners must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement and Area Development Agreement, if any. A spouse of any franchise owner is not required to sign a Personal Guaranty unless they are an owner of the franchise entity. You may not change your Owners without our prior written consent. Copies of these guarantees are attached to the forms of Area Development Agreement and Franchise Agreement in Exhibits B and C of this disclosure document. In certain situations, we may accept a corporate guarantee of the obligations found within our Franchise and Area Development Agreements but reserve the right to do so at our sole discretion and judgment.

ITEM 16

RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

You must sell all food, beverage, other products, merchandise and services that we determine to be appropriate now and in the future for your Noodles & Company restaurant. You must at all times maintain an inventory of approved food products, beverage, ingredients and other products sufficient in quantity, quality and variety, all purchased from approved and designated suppliers. We may, in our discretion, establish certain marketing promotions or programs, including limited time offers and Multi-Area Marketing Programs, in which you must participate.

Your Noodles & Company restaurant will not be permitted to offer any products or services (including promotional items) that we have not authorized for Noodles & Company restaurants without our prior written approval. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes. You may not use your Noodles & Company restaurant for any purpose other than the operation of a Noodles & Company restaurant in compliance with the Franchise Agreement.

We may conduct market research to determine consumer trends and salability of new food products and services. You must participate in our market research programs by test marketing new food products and services in your Noodles & Company restaurant and providing us with timely reports and other relevant information regarding the market research if we ask you to do so. You must purchase a reasonable quantity of the test products and make a reasonable effort to sell them.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.01	20 years from the date your Noodles & Company restaurant opens.
b. Renewal or extension	Section 17	You will have the option to renew for two 10-year renewal terms, subject to various conditions, including, but not limited to, timely notice between 12 and 18 months prior to end of then-current Term, payment of a renewal fee equal to one-half of then-current franchise fee (for a 10 year renewal), evidence of the right to remain in possession of the Premises for the renewal term and our approval of the Premises (or a relocation site), such renovation, modernization and improvement of the Premises as we may require, compliance with our then-current training requirements, no prior notice of default and substantial compliance with the Agreement, you have not disparaged us or the Noodles & Company brand, and execution of a general release.

c. Requirements for you to renew or extend	Not applicable	The terms and conditions of a successor franchise agreement will be the then current franchise agreement. These terms and conditions may differ materially from the terms and conditions of your original Franchise Agreement, including provisions relating to the protected area, the royalty fee and advertising obligations.
d. Termination by you	Not applicable	You have the right to terminate in the event of our material breach of the Franchise Agreement if we fail to cure within 90 days of written notice to us.
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	Section 15.02, 15.03, 15.04 and 15.07	We can terminate for specified causes. While a default under or termination of any Area Development Agreement consisting solely of your failure to meet the development schedule thereunder does not impact any then-effective franchise agreements, any material default not timely cured under the Franchise Agreement or any other agreement between us; under any agreement with any vendor or supplier of our Products; under any Lease for the leased Premises; under any agreement with any construction suppliers, product supplier or service providers, or any termination, for any cause of the Franchise Agreement or any other agreement between you and us entitles us to terminate the Area Development Agreement.

<p>g. "Cause" defined – curable defaults</p>	<p>Sections 15.03(e), 15.03(f) and 15.04</p>	<p>You have 5 days to cure monetary defaults. You have 5 days to cure any violation of law. You have 48 hours to cure any health and safety violation. You have 30 days to cure all other defaults not specifically identified in h. below.</p> <p>While a default under or termination of any Area Development Agreement consisting solely of your failure to meet the development schedule thereunder does not impact any then-effective franchise agreements, any material default not timely cured under the Franchise Agreement or any other agreement between us; under any agreement with any vendor or supplier of our Products; under any Lease for the leased Premises; under any agreement with any construction suppliers, product supplier or service providers, or any termination, for any cause of the Franchise Agreement or any other agreement between you and us entitles us to terminate the Area Development Agreement.</p>
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<p>h. "Cause" defined – non-curable defaults</p>	<p>Sections 15.02, 15.03 and 15.07</p>	<p>Adjudicated bankrupt or insolvent; admission of inability to meet your financial obligations when due; disposition made for the benefit of creditors; judgment entered against you for \$25,000 or more remains unsatisfied for more than 30 days; seizure or foreclosure of the restaurant or your assets accompanied by an final judgment unsatisfied for more than 30 days; execution levied against your business or property and not discharged within 5 days; consent to entry of an order in an involuntary proceeding or conversion of an involuntary proceeding to a voluntary proceeding; consent to appointment of or possession by a receiver; recordation of a mechanics lien against the restaurant or any equipment that is not released within 60 days; condemnation; failure to open or abandonment; unauthorized transfer; misrepresentations; underreporting of sales or other financial information; conviction of a felony or other criminal offense that may adversely affect the System or our goodwill; unauthorized use or disclosure of confidential information; unethical conduct; failure to cure (if applicable) any default under any other agreement with us or any of our Designated or Approved Suppliers or vendors; and three or more defaults, whether or not cured, within a 12 month period.</p>
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<p>h. "Cause" defined – non-curable defaults (continued)</p>	<p>Sections 15.02, 15.03 and 15.07</p>	<p>While a default under or termination of any Area Development Agreement consisting solely of your failure to meet the development schedule thereunder does not impact any then-effective franchise agreements, any material default not timely cured under the Franchise Agreement or any other agreement between us; under any agreement with any vendor or supplier of our Products; under any Lease for the leased Premises; under any agreement with any construction suppliers, product supplier or service providers, or any termination, for any cause of the Franchise Agreement or any other agreement between you and us entitles us to terminate the Area Development Agreement.</p>
<p>i. Your obligations on termination/nonrenewal</p>	<p>Section 16</p>	<p>Cease operating your Noodles & Company restaurant; cease using all trade secrets, confidential information and Marks, return all materials that belong to us, including the Operations Manual, advertising, menus and other materials that incorporate our trade secrets or confidential information; complete de-identification of the premises; pay all amounts due; continued observance of all confidentiality and non-competition covenants; transfer of all telephone numbers, directory listings, Internet websites, domain name registrations, and email addresses to us, at our option; transfer of all goods and products bearing the Marks to us, at our option; and provide us with written confirmation of your compliance with these obligations within 30 days of termination or expiration.</p>
<p>j. Assignment of contract by us</p>	<p>Section 20.04</p>	<p>No restriction on our right to transfer or assign.</p>

k. "Transfer" by you – defined	Section 1.04	Includes the sale, assignment, transfer, grant, testamentary or inter vivos disposition, or any other disposition of the agreement, any rights under the agreement, or any other ownership interest in you or your Noodles& Company restaurant; transfer, redemption or issuance of any ownership interest in your capital stock; any merger between you or any other entity; any transfer by operation of law (such as in divorce or as a result of insolvency or dissolution); any transfer upon the death of your principal owners and foreclosure or other loss of possession, control or management of your restaurant.
l. Our approval of transfer by you	Section 14.01	We have the right to approve all transfers.

<p>m. Conditions for our approval of transfer</p>	<p>Section 14.02</p>	<p>Your Noodles & Company restaurant must be open and operating; you must be in compliance with Franchise Agreement and all other Agreements between us; the proposed transferee must be an entity that is not publicly held and meets our qualifications and standards for approval; the proposed transferee must complete all required training; the proposed transferee must agree to be bound by the existing Franchise Agreement and collateral documents or enter into a new Franchise Agreement (at our election); transfer fee must be paid; you must sign a general release and non-compete agreement; we must approve price and payment terms; we must waive our right of first refusal; any financing you provide to the proposed transferee must be subordinate to the transferee's obligations to pay amounts due to us; there must have been no change in the law since we entered into the Franchise Agreement that would limit our right as to the proposed transferee; the proposed transferee must obtain assignment of leases from all landlords and obtain liquor and other licenses necessary to operate restaurant; and you must meet any other reasonable requirements we may impose to protect our rights.</p>
<p>n. Our right of first refusal to acquire your business</p>	<p>Sections 14.05 and 14.06</p>	<p>We have the right to purchase your business for the same price and on the same terms and conditions as any bona fide offer for your business and in connection with a proposed transfer following death or disability.</p>

o. Our right to purchase your business	Section 15.08	Upon expiration or termination of the Franchise Agreement, we have the right to purchase some or all of the assets of your Noodles & Company restaurant. The purchase price for the assets will be their fair market value determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the assets, less any liabilities we choose to assume.
p. Your death or disability	Sections 14.05 and 15.03 (b)	Upon the death or disability of the Operating Partner or an Owner with a controlling interest in you, the interest of that person must be transferred to an approved buyer within a reasonable time period not to exceed 6 months. During that time, we have the right to operate the business if we deem necessary. We may also exercise our right of first refusal in connection with any proposed transfer upon death or disability. We will not exercise our right of first refusal if the proposed transferee is an heir who qualifies or is one of the surviving Owners of the Area Operator who we have already approved.

<p>q. Non-competition covenants during the term of the franchise</p>	<p>Section 7.02</p>	<p>Except for a 5.0% or less ownership interest in a publicly traded company, you may not directly or indirectly own or have any legal or beneficial interest in or render services or give advice to any competitive business located in the United States. A competitive business is any business that operates or franchises one or more restaurants: (1) whose sales of Specified Dishes (as defined below) collectively constitute more than 10.0% of restaurant operating revenues; (2) that are the same as, or substantially similar to, the Noodles & Company concept as it evolves or changes over time; or (3) that operate in a fast casual or quick casual format. As used in this Agreement, "Specified Dishes" means noodle dishes, pasta dishes, Asian dishes, Italian or Mediterranean dishes and any other dishes that are the same or substantially similar to the dishes on the Noodles & Company menu ("Noodles & Company Dishes") as it may evolve or change over time.</p>
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<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Section 7.03</p>	<p>For 2 years after termination or expiration and except for a 5.0% or less ownership interest in a publicly traded company, you may not own, or have any legal or beneficial interest in, or render services or give advice to, any competitive business, as described above in q. in any Designated Market Area (as defined by Nielsen Media Research) where any Noodles & Company restaurant is located. Noodles & Company may, in its discretion, exclude from this clause certain competitive businesses approved by Noodles & Company at the time of execution of your Area Development Agreement and Franchise Agreements or approved subsequent to the execution of those agreements.</p>
<p>s. Modification of the agreement</p>	<p>Sections 10.01 and 20.05</p>	<p>Generally, no modification except by written agreement signed by both parties. However, the Noodles & Company Operations Manual and the System are subject to change by us. We can increase the total aggregate amount of advertising and marketing fund we can require you to pay (currently a maximum of 5.5% of Net Royalty Sales) if 66.0% of the then-existing Noodles & Company restaurants vote to approve such an increase.</p>
<p>t. Integration/merger clause</p>	<p>Section 20.05</p>	<p>Only terms of Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document.</p>

u. Dispute resolution by arbitration or mediation	Section 19.01	Except for claims by you or us for payment or claims seeking an injunction, all disputes related to the Franchise Agreement must be mediated in non-binding mediation.
v. Choice of forum	Section 19.01	All suits regarding disputes between you and us must be brought in the federal court that sits in the state in which we have our principal offices, which is currently the State of Colorado, or in the state courts that sit in the city and county in which we have our principal offices, which are currently in the city and county of Broomfield in the state of Colorado. See <u>Exhibit G</u> for state-specific requirements regarding choice of forum.
w. Choice of law	Section 19.04	Colorado law applies generally. See <u>Exhibit G</u> for state-specific requirements regarding choice of law.

IT SUPPORT SERVICES AGREEMENT (“IT AGREEMENT”)

Provision	Section In IT Agreement	Summary
a. Length of term	Section 1	Co-terminous with your Franchise Agreements
b. Renewal or extension		Not applicable
c. Requirements for you to review or extend		Not applicable
d. Termination by you	Section 12.2	You have the right to terminate on 30 days’ notice in the event of our material breach.

<p>e. Termination by us</p>	<p>Section 12.1</p>	<p>We have the right to terminate the agreement if (a) you fail to pay us any amount due to us under the agreement; (b) you materially breach any term or condition the agreement, including, without limitation, any exhibits, schedules or addenda attached to the agreement, provided such breach is not cured by you within thirty (30) calendar days following our notice; (c) the agreement becomes commercially unreasonable for us for any reason as determined by us; (d) we elect to discontinue the provision of services; however, such termination becomes effective only at the end of the contract year; or (e) you (i) terminate or suspend your business activities; (ii) become insolvent, make an assignment for the benefit of creditors, or become subject to direct control of a trustee, receiver or similar authority; or (iii) become subject to any bankruptcy or insolvency proceeding under federal or state statutes.</p>
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f. Termination by us	Section 12.1	We have the right to terminate the agreement if (a) you fail to pay us any amount due to us under the agreement; (b) you materially breach any term or condition the agreement, including, without limitation, any exhibits, schedules or addenda attached to the agreement, provided such breach is not cured by you within thirty (30) calendar days following our notice; (c) the agreement becomes commercially unreasonable for us for any reason as determined by us; (d) we elect to discontinue the provision of services; however, such termination becomes effective only at the end of the contract year; or (e) you (i) terminate or suspend your business activities; (ii) become insolvent, make an assignment for the benefit of creditors, or become subject to direct control of a trustee, receiver or similar authority; or (iii) become subject to any bankruptcy or insolvency proceeding under federal or state statutes.
g. "Cause" defined		Not applicable
h. "Cause" defined		Not applicable
i. Your obligations on termination	Section 12.3	Your access to, and use of services terminates, you must pay all fees, costs and expenses due to us.

j. Assignment of contract by us		Not applicable
k. "Transfer" by you – defined		Not applicable
l. Approval of transfer by you	Section 13.2	May only be assigned in connection with assignment of Franchise Agreement.
m. Conditions for our approval of transfer		Not applicable
n. Our right of first refusal		Not applicable
o. Our option to purchase your business		Not applicable
p. Death or disability		Not applicable
q. r. Non-competition covenants		Not applicable
s. Modification	Section 13.4	No modification unless agreed in writing by both parties.
t. Integration/merger clause	Sections 13.4, 13.9	Agreement is complete and final statement of terms.
u. Dispute resolution	Section 13.7	Disputes to be resolved in accordance with dispute resolution provisions of then current form of Franchise Agreement.
v. Choice of forum	Section 13.7	Disputes to be resolved in accordance with dispute resolution provisions of then current form of Franchise Agreement.
w. Choice of law	Section 13.7	Follows choice of law provisions of then current form of Franchise Agreement.

AREA DEVELOPMENT AGREEMENT

Provision	Section In Area	Summary
a. Length of Area Development Agreement term	Section 2.01 and Exhibit A	The terms begins on the date of the Area Development Agreement and expires on the earlier of the date set forth in <u>Exhibit A</u> to the Area Development Agreement or the date on which you have opened the cumulative number of Noodles & Company restaurants set forth in the Development Schedule.
b. Renewal or extension	Not applicable	
c. Requirements for you to	Not applicable	
d. Termination by you	Not applicable	
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	Section 8	We can terminate for specified causes.
g. "Cause" defined – curable defaults	Section 8.02	You have 20 days to cure the following defaults: fail to meet any deadline in your Development Schedule; fail to construct any restaurant in the manner and using the materials we require; fail to obtain and maintain all licenses and permits necessary to construct and open; fail to operate in accordance with the System; and default on any obligation under any lease, any other agreement with us, or any obligation to any Designated or Approved Supplier or vendor. You have 30 days to cure any other defaults, except those discussed in h. below.

<p>h. "Cause" defined – defaults which cannot be cured</p>	<p>Sections 8.01 and 8.02</p>	<p>Non-Curable defaults are insolvency; filing of a petition for bankruptcy or reorganization by or against you that is not discharged within 30 days; filing of a suit against you to foreclose on any mortgage or lien that is not dismissed within 30 days; filing for dissolution that is not dismissed within 30 days; appointment of a receiver; general assignment made for the benefit of your creditors; entry of final judgment of \$25,000 or more against you that remains unsatisfied for more than 30 days; attachment of your accounts, property or assets; levy of execution against you or your business; unauthorized transfer; misrepresentation; conviction of a felony or other criminal offense that may adversely affect the System or our goodwill; breach of the Franchise Agreement in a manner that permits us to terminate; breach of any other agreement between you or any of your Affiliates and us or our Affiliate, unauthorized use or disclosure of confidential information; violation of any material law; 3 or more defaults within a 12 month period, whether or not cured; and violation of any covenants.</p>
<p>i. Your obligations on termination/nonrenewal</p>	<p>Section 9</p>	<p>Comply with post-termination covenant not-to-compete and continue to observe all confidentiality obligations.</p>
<p>j. Assignment of contract by us</p>	<p>Section 11.04</p>	<p>No restriction on our right to transfer or assign.</p>

k. "Transfer" by you – defined	Section 1.04	Includes the sale, assignment, transfer, grant, testamentary or inter vivos disposition, or any other disposition of the agreement, any rights under the agreement, or any other ownership interest in you or your Noodles & Company restaurant; transfer, redemption or issuance of any ownership interest in your capital stock; any merger between you or any other entity; any transfer by operation of law (such as in divorce or as a result of insolvency or dissolution); any transfer upon the death of your principal owners and foreclosure or other loss of possession, control or management of your restaurant.
l. Our approval of transfer by you	Section 7.01	We have the right to approve all transfers.

<p>m. Conditions for our approval of transfer</p>	<p>Section 7.02</p>	<p>You and your Owners and affiliates must be in compliance with Area Development Agreement; the proposed transferee must be an entity that is not publicly held and meets our qualifications and standards for approval; the proposed transferee must agree to be bound to our then current Area Development Agreement for the remainder of the Development Term; all rights to your not yet developed and/or operating Noodles & Company restaurants must be transferred; transfer fee must be paid; you must sign a general release and non-compete agreement; we must approve price and payment terms; we must waive our right of first refusal; any financing you provide to the proposed transferee must be subordinate to the transferee's obligations to pay amounts due to us; there must have been no change in the law since we entered into the Area Development Agreement that would limit our right as to the proposed transferee; the proposed transferee must obtain assignment of leases from all landlords; after the transfer, the proposed transferee must own the minimum number of restaurants that we require of Area Operators; and you must meet any other reasonable requirements we may impose to protect our rights.</p>
<p>n. Our right of first refusal to acquire your business</p>	<p>Section 7.06</p>	<p>We have the right to purchase your Development Rights for the same price and on the same terms and conditions as any bona fide offer for your business.</p>
<p>o. Our right to purchase your business</p>	<p>Not applicable</p>	

p. Your death or disability	Section 7.05	Upon death or disability of your Operating Partner or any Owner of a controlling interest in you, all rights of that person in your Area Development Agreement or you must be assigned to an approved buyer within a reasonable time period not to exceed 6 months after the death or disability.
q. Non-competition covenants during the term of the franchise	Section 6.02	Except for a 5.0% or less ownership interest in a publicly traded company, you may not directly or indirectly own or have any legal or beneficial interest in, or render services or give advice to any competitive business located in the United States. A competitive business is any business that operates or franchises one or more restaurants: (1) whose sales of Specified Dishes (as defined below) collectively constitute more than 10.0% of restaurant operating revenues; (2) that are the same as, or substantially similar to, the Noodles & Company concept as it evolves or changes over time; or (3) that operates in a fast casual or quick casual format. As used in this Agreement, "Specified Dishes" means noodle dishes, pasta dishes, Asian dishes, Italian or Mediterranean dishes and any other dishes that are the same or substantially similar to the dishes on the Noodles & Company menu ("Noodles & Company Dishes") as it may evolve or change over time.

r. Non-competition covenants after the term of the franchise	Section 6.03	For 2 years after termination or expiration and except for a 5.0% or less ownership interest in a publicly traded company, you may not own, or have any legal or beneficial interest in, or render services or give advice to, any competitive business, as described above in q. in any Designated Market Area (as defined by Nielsen Media Research) where any Noodles & Company restaurant is located. Noodles & Company may, in its discretion, exclude from this clause certain competitive businesses approved by Noodles & Company at the time of execution of your Area Development Agreement and Franchise Agreements or approved subsequent to the execution of those agreements.
s. Modification of the agreement	Section 11.05	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section 11.05	Only terms of Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document.
u. Dispute resolution	Section 10.01	Except for claims by you or us for payment or claims seeking an injunction, all disputes related to the Area Development Agreement are first required to be submitted to non-binding mediation.

v. Choice of forum	Section 10.01	All suits regarding disputes between you and us must be brought in the federal court that sits in the state in which we have our principal offices, which is currently the State of Colorado, or in the state courts that sit in the city and county in which we have our principal offices, which are currently in the city and county of Broomfield in the state of Colorado. See <u>Exhibit G</u> for state-specific requirements regarding choice of forum.
w. Choice of law	Section 10.04	Colorado law applies generally. See <u>Exhibit G</u> for state-specific requirements regarding choice of law.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote the sale of our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We are providing statements of and information regarding average and median net sales of Company and franchise restaurants for our 2022 fiscal year. We are also providing statements of and information regarding restaurant contribution to gross profit and restaurant EBITDA of Company restaurants in our 2022 fiscal year.

Statement of and Information Regarding Average and Median Net Sales of Noodles & Company Restaurants for the 53-Week Period Ended January 3, 2023

	Average	Median	High	Low
Company and Franchise Net Sales	\$1,349,542	\$1,317,125	\$2,681,158	\$475,469
Company Net Sales	\$1,362,385	\$1,318,202	\$2,681,158	\$475,469
Franchise Net Sales	\$1,288,958	\$1,271,807	\$2,061,718	\$646,596

NOTES

1. Net Sales is defined for this Statement as the aggregate amount of all sales of food, beverages and other products sold in or by a Noodles & Company restaurant during the entire 53-week reporting period ended January 3, 2023 whether for cash or credit, but excluding: (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, (2) all coupons, promotions, discounts, refunds, employee discounts or other adjustments made by Noodles & Company restaurants, and (3) adjusted for temporarily closed restaurants. Net Sales may not be the same as Net Royalty Sales as the term is defined in the Franchise Agreement.
2. The financial performance representation figure does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Noodles & Company restaurant. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Information Regarding 2022 Statement of Average and Median Net Sales

As of January 3, 2023 Noodles & Company operated 367 domestic Company-owned Restaurants, and there were 93 Franchise-owned Restaurants, for a total of 460 restaurants. However, the Statement of Average and Median Net Sales consists of averages and medians of the reported Net Sales only for those restaurants open during the preceding 53-week period. Therefore, the restaurants that were excluded were those that opened in 2022. 371 Company-owned Restaurants were open and operating during the 53-week period. There were also 76 Franchise-owned Restaurants open and operating during the 53-week period, for a total of 447. The remaining restaurants were

not open for the full preceding 53-week period because they did not open until 2022 or were refranchised during the year.

In 2022 we permanently closed 4 Company-owned restaurants (none of which had been open less than 12 months) and one franchisee permanently closed 1 Franchise-owned restaurant.

209 of the 447 Noodles & Company restaurants used for calculating the Average and Median Net Sales for the period referenced above, or 46.8%, attained or surpassed the Average Net Sales of \$1,359,542. 171 of the 371 Company-owned Restaurants used for calculating the Company Average and Median Net Sales, or 46.1%, attained or surpassed the Average Net Sales of \$1,362,385. 37 of the 76 Franchise-owned Restaurants used for calculating the Franchise Average and Median Net Sales, or 48.7%, attained or surpassed the Average Net Sales of \$1,288,958.

**Statement of and Information Regarding Restaurant
Contribution to Gross Profit and Restaurant EBITDA of Company-owned
Restaurants for the 53-Week Period ended January 3, 2023**

Summary Profit & Loss Statement	Average Amount	Average % of Net Sales	Number and % of Units Exceeding Average	Median Amount	Median % of Net Sales
Number of Restaurants	371			371	
Net Sales (1)	1,362,385		171/46.1%	1,318,202	
Cost of Sales (2)	377,013	27.7%	202/54.4%	366,745	27.8%
Gross Profit	985,372	72.3%	202/54.4%	951,457	72.2%
Labor (3)	423,302	31.1%	225/60.6%	422,215	32.0%
Controllable Expenses (4)	178,466	13.1%	196/52.8%	175,290	13.3%
Occupancy Cost (5)	124,383	9.1%	183/49.3%	119,742	9.1%
Non-Controllable Expenses (6)	71,499	5.2%	196/52.8%	69,695	5.3%
Restaurant EBITDA (7)	187,722	13.8%	168/45.3%	164,515	12.5%

Annual Franchise Expense Not Encompassed in the Table Above (assuming average annual Net Sales) (See Note 8 below)	
Royalties (5% of Net Sales)	\$68,119

NOTES

1. Net Sales is defined for this Statement as the aggregate amount of all sales of food, beverages and other products sold in or by a Noodles & Company restaurant during the entire 53-week reporting period ended January 3, 2023 whether for cash or credit, but excluding: (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, (2) all coupons, promotions, discounts, refunds, employee discounts or other adjustments made by Noodles & Company restaurants and (3) adjusted for temporarily closed restaurants. Net Sales may not be the same as Net Royalty Sales as the term is defined in the Franchise Agreement.
2. Cost of Sales includes the cost of food, beverages, paper and other products included in the preparation and sale of food, beverages and other products to customers. The cost of sales may vary considerably based on where a restaurant is located within the geographical area serviced by our approved suppliers and distributors and based on potential fluctuations in commodity costs.
3. Labor includes wages paid to management and employees of the restaurant, including restaurant managers and shift supervisors, management bonuses, payroll taxes, health insurance, workers compensation, vacation and other employee benefits. This amount does not include any wages or overhead from the Noodles & Company Central Support Office.
4. Controllable Expenses includes repairs and maintenance, small wares, third party delivery fees, cleaning supplies, office supplies, trash removal, uniforms, employee activities and other miscellaneous operating expenses. In 2022, third party delivery fees increased relative to 2021 resulting from a sustained demand for our use of third-party delivery.
5. Occupancy Costs includes base rent, percentage rent, common area maintenance, real estate taxes, and other miscellaneous lease expenses.
6. Non-Controllable Expenses includes personal property taxes, credit card processing fees, bank charges, restaurant marketing, leased equipment and licenses, utilities, insurance and other miscellaneous fixed expenses.
7. Restaurant EBITDA means restaurant contribution to profit before interest expense, income taxes, depreciation and amortization. Calculation of Restaurant EBITDA for this Statement excludes the 5.0% Royalty Fee, which these restaurants are not charged.
8. Because the Noodles & Company restaurants whose results appear above are Company-operated restaurants, they paid no Royalties. . You must consider your restaurant's required Royalty payment (currently 5.0% of Net Royalty Sales) as part of its expected operating expenses. The annual Royalty Fee your restaurant

would have been required to pay had it achieved the average Net Sales level reflected in the table above showing a Summary Profit and Loss Statement is identified in the table above entitled “Annual Franchise Expense Not Encompassed in Table Above.”

This Statement consists of the averages and medians of 371 Company-owned Restaurants open as Company restaurants during the 53-week period ended January 3, 2023 and includes those restaurants that the Company closed in 2022. This Statement does not include royalties, which a franchisee would have to pay to us, interest on any financing, income taxes, depreciation or amortization, some of which can vary substantially depending on the decisions made to capitalize your business.

Some restaurants have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.

The Net Sales and Restaurant Gross Profit and Restaurant EBITDA Statements were derived from unaudited financial reports prepared by the Company. Noodles & Company compiled this information for Company-owned Restaurants on the basis of generally accepted accounting principles, consistently applied. Noodles & Company issues audited financial statements at the end of each fiscal year. The Net Sales for Franchise-owned Restaurants were derived from unaudited financial reports submitted by Franchisees for the purposes of computing royalties. Written substantiation of the information used in preparing this financial performance representation will be made available to you upon reasonable request.

Franchisees of Non-Traditional Venues should not rely on the Statement of Average Net Sales included in this disclosure document, since it is not relevant to those types of locations. We make no claim regarding the actual or potential Net Sales or earnings of Non-Traditional Venues.

Other than the preceding financial performance representation, Noodles & Company does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Melissa Heidman, Executive Vice President and General Counsel, Noodles & Company at 520 Zang Street, Suite D, Broomfield, Colorado 80021, (720) 214-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**System Wide Outlet Summary
For Fiscal Years 2020 to 2022**

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2020	68	76	+8
	2021	76	76	<u>+1</u>
	2022	76	93	<u>+17</u>
Company- Owned	2020	389	378	-11
	2021	378	372	-6
	2022	372	367	<u>+5</u>
Total Outlets	2020	457	454	-3
	2021	454	448	-6
	2022	448	460	+12

Table No. 2

**Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
for Fiscal Years 2020 to 2022**

State	Year	Number of Transfers
Minnesota	2020	0
	2021	1
	2022	0
North Dakota	2020	0
	2021	4
	2022	0
South Dakota	2020	0
	2021	2
	2022	0
Total	2020	0
	2021	7
	2022	0

Table No. 3

**Status of Franchise Outlets
For Fiscal Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reason	Outlets at End of the Year
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	15	0	0	0	1	14
Connecticut	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Florida	2020	1	5	0	0	0	0	6
	2021	6	0	1	0	0	0	5
	2022	5	1	0	0	0	0	6
Illinois	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

	2022	1	0	0	0	0	0	1
Kentucky	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Michigan	2020	23	0	0	0	0	0	23
	2021	23	0	0	0	0	0	23
	2022	23	0	0	0	0	0	23
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	8	0	1	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Montana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
North Carolina	2020	0	4	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
North Dakota	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
South Dakota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Wisconsin	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Total	2020	68	9	1	0	0	0	76
	2021	76	1	1	0	0	0	76
	2022	76	18	0	0	0	1	93

Table No. 4

**Status of Company-Owned Outlets
For Fiscal Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Arizona	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	1	0	0	0	6
California	2020	17	0	0	1	0	16
	2021	16	1	0	1	0	16
	2022	16	0	0	1	15	0
Colorado	2020	60	0	0	1	0	59
	2021	59	1	0	2	0	58
	2022	58	0	0	0	0	58
District of Columbia	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Florida	2020	5	0	0	0	5	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Idaho	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	1	0	0	0	6
Illinois	2020	49	0	0	0	0	49
	2021	49	3	0	3	0	49
	2022	49	3	0	1	0	51
Indiana	2020	21	0	0	0	0	21
	2021	21	1	0	1	0	21
	2022	21	1	0	0	0	22
Iowa	2020	10	0	0	0	0	10
	2021	10	0	0	1	0	9
	2022	9	0	0	0	0	9
Kansas	2020	10	0	0	0	0	10
	2021	10	0	0	2	0	8
	2022	8	1	0	0	0	9
Kentucky	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Maryland	2020	23	0	0	0	0	23
	2021	23	0	0	0	0	23
	2022	23	0	0	1	0	22
Minnesota	2020	44	1	0	1	0	44
	2021	44	0	0	0	0	44
	2022	44	1	0	0	0	45
Missouri	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Nevada	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
New York	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
North Carolina	2020	13	1	0	0	4	10
	2021	10	0	0	2	0	8
	2022	8	0	0	0	0	8
Ohio	2020	17	0	0	0	0	17
	2021	17	0	0	0	0	17
	2022	17	1	0	0	0	18
Oregon	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
Pennsylvania	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
Utah	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	0	1	0	15
Virginia	2020	26	0	0	2	0	24
	2021	24	0	0	0	0	24
	2022	24	1	0	0	0	25
Washington	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Wisconsin	2020	45	2	0	0	0	47
	2021	47	0	0	0	0	47
	2022	47	3	0	1	0	49
Total	2020	389	4	0	6	9	378
	2021	378	6	0	12	0	372
	2022	372	15	0	5	15	367

Table No. 5
Projected Openings as of January 3, 2023

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	0	2
Colorado	0	0	1
Florida	0	1	0
Idaho	0	0	1
Illinois	0	0	2
Indiana	0	0	1
Iowa	0	0	1
Minnesota	0	0	1
North Carolina	0	0	2
North Dakota	0	1	0
Ohio	0	0	6
Pennsylvania	0	0	2
South Carolina	0	2	0
Utah	0	0	1
Virginia	0	0	4
Wisconsin	0	0	6
Total	0	4	30

The following franchisees have development rights: Golden Noodles, LLC, Hartford Noodles, LLC, Little Deep Pasta Company, LLC, Norcal Noodles, LLC, River City Restaurant Group, LLC, SoCal Noodles, LLC and Tsunami Enterprises, LLC.

Our fiscal year ends on the Tuesday closest to each December 31 and begins on the following day. Exhibit E lists the name of all current franchisees and the address and telephone number of each of their restaurants as of January 3, 2023.

Below is the name, city and state, and current business telephone number of the Noodles & Company franchisee that had a franchised restaurant transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during fiscal year 2022:

NorCal Noodles, LLC
Encino, CA
818-285-2160

(NorCal Noodles, LLC closed the Noodles & Company restaurant located at 949 Ruff Drive K33, San Jose, CA 95110, but still operates 14 restaurants in California.)

None of our franchisees failed to communicate with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years, neither we nor our predecessors have signed any confidentiality agreements with current or former franchisees that would restrict them from speaking openly with you about their experiences with us.

As of the date of this disclosure document, Noodles & Company has a Franchise Advisory Council (“FAC”) which is sponsored by the Company. It is comprised of five (5) franchise members and two (2) members of Noodles & Company’s management. Dave Boennighausen, Noodles & Company’s CEO and Brad West, Noodles & Company’s COO lead the Council and franchisee Britt Wiedemann is the Chairman. Any questions regarding the FAC should be directed to Brad West at 720-214-1900.

ITEM 21

FINANCIAL STATEMENTS

The following consolidated financial statements of Noodles & Company are attached to this disclosure document as Exhibit F: Audited consolidated balance sheets of Noodles & Company as of January 3, 2023 and December 28, 2021 and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity and cash flows for each of the three years ended January 3, 2023, December 28, 2021, and December 29, 2020.

ITEM 22

CONTRACTS

Attached as Exhibits to this Franchise disclosure document are the following contracts and their attachments:

1. Area Development Agreement (Exhibit B) and attached Exhibits
2. Franchise Agreement (Exhibit C) and attached Exhibits
3. Form of IT Support Services Agreement (Exhibit H)
4. Asset Purchase Agreement (Exhibit I)

ITEM 23 RECEIPT

The last two pages of disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

**LIST OF STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	<p>Commissioner of Department of Financial Protection & Innovation 1-866-275-2677</p> <p>Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500</p> <p>Sacramento 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677</p> <p>San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233</p> <p>San Francisco One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8559</p>	<p>Commissioner Same Addresses</p>
FLORIDA	<p>Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy Tallahassee, FL 32399-6500 (850) 410-3681</p>	<p>Same</p>
HAWAII	<p>Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street Room 205 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street, Indianapolis, IN 46204 (317) 232-6531
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 573-2200	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Bldg., 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Commissioner of Commerce MN Department of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities Financial Institutions Division 1230 "O" Street, Suite 400 Lincoln, NE 68508 (402) 471-3445	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8236	Attn: New York Secretary of State New York Dept of State One Commerce Plaza 99 Washington Avenue, 6 th FL Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, Ste 414 Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Commissioner Same Address (701) 328-4712
OREGON	Oregon Division of Financial Regulation 350 Winter Street, NE, Ste 410 Salem, OR 97301-3881 (503) 378-4140	Director Same Address
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex–Blg. 69-1 Cranston, RI 02920 (401) 462-9500	Director Same Address
SOUTH DAKOTA	Division of Insurance, Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director Same Address
TEXAS	Attorney General's Office Business Opportunities Section Consumer Protection Division 1019 Brazos Austin, TX 78701 (512) 475-0775	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South P.O. Box 146704 Salt Lake City, UT 84114-6704 (801) 530-6601	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98501-9033 (360) 902-8760	Director Dept of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-9555	Administrator, Division of Securities Department of Financial Institutions Same Address (608) 266-2319

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT



**NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT**

Area Operator Name: _____

Date of Agreement: _____

Development Area: _____

**NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT**

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- B. Area Operator Information
- C. Principal Owners' Personal Guaranty of Area Operator's Obligations
- D. Investor Personal Covenants Regarding Confidentiality and Non-Competition

**NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (this "Agreement") is made as of the _____ day of _____, _____ between Noodles & Company ("Franchisor," "we," "us" or "Noodles & Company"), a Delaware corporation, with its principal place of business located at 520 Zang Street, Suite D, Broomfield, CO 80021 and _____ ("Area Operator" or "you"), a(n) _____ whose principal address is _____.

1. INTRODUCTION.

1.01 Noodles & Company Restaurants. We own, operate, and franchise Noodles & Company Restaurants, serving noodle dishes, salads, sandwiches, soups, desserts, breads, beverages, beer, wine, and other menu items, and merchandise related to the Noodles & Company concept as we may authorize from time to time. We have developed and own a comprehensive system for developing and operating Noodles & Company restaurants, including trademarks, trade dress, signage, building designs, and layouts, equipment, ingredients, specifications, and recipes for authorized food products, methods of inventory control, training programs, and certain operational and business standards, policies and procedures, all of which we may improve, further develop or otherwise modify from time to time.

1.02 Your Acknowledgments.

(a) You acknowledge that you accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Noodles & Company Restaurant and thereby to protect and preserve the goodwill of the Marks.

(b) You acknowledge that, in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

The acknowledgements in clauses (c), (d), and (e) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

(c) You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Noodles & Company Restaurant may evolve and change over time; that an investment in a Noodles & Company Restaurant involves business risks; and that your business abilities and efforts are vital to the success of the venture.

(d) You understand that the restaurant industry is highly competitive, that market conditions evolve and change over time, and that an investment in a Noodles & Company franchise involves business risks.

(e) You further acknowledge that we have advised you to have this Agreement reviewed and explained to you by an attorney and you acknowledge that you have reviewed the Agreement with your attorney or you waive your right to do so.

1.03 Your Representations. You and your Principal Owners jointly and severally represent and warrant to us as an inducement to our entering into this agreement that: (a) all statements you have made and all materials you have submitted to us in connection with your application to us are accurate and complete and that you have made no material misrepresentations or material omissions in obtaining the franchise; (b) neither you nor any of your Principal Owners has made any untrue statement of any material fact or has failed to state material fact in the ADA Application, the Personal Profile, or any other written information in obtaining the rights granted hereunder; (c) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise completely and accurately disclosed in your Personal Profile; and (d) the execution and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound. You recognize that we have executed this Agreement in reliance on all of the statements you and your Owners have made in the Personal Profile, the ADA Application, and any other written information.

1.04 Certain Definitions.* The terms listed below have the meanings throughout this Agreement and include the plural as well as the singular. He, his, or him means she, hers, or her as applicable. Other terms are defined elsewhere in this Agreement in the context in which they arise.

"ADA Application" - The area development agreement application submitted to us by you and/or your Owners.

"Affiliate" - Any person or entity that directly or indirectly owns or controls the referenced party that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Area Operator" - The term Area Operator is applicable to one or more persons, a corporation, limited liability company, or a partnership, and its owners as the case may be.

"Competitive Business" - Any business that operates or franchises one of more restaurants: (1) whose sales of Specified Dishes (as defined below) collectively constitute more than 10% of restaurant operating revenues; (2) that are the same as, or substantially similar to, the Noodles & Company concept as it evolves or changes over time; or (3) that operate in a fast casual or quick casual format. As used in this Agreement, "Specified Dishes" means noodle dishes, pasta dishes, Asian dishes, Italian or Mediterranean dishes and any other dishes that are the same or substantially similar to the dishes on the Noodles & Company menu ("Noodles & Company Dishes") as it may evolve or change over time. Restrictions in this Agreement on competitive activities do not apply to: (a) the ownership or operation of other Noodles & Company restaurants we or our Affiliates licenses; (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities; or (c) any restaurant

concept whose per person average check during the preceding twelve (12) months was more than fifty percent (50%) higher or lower than Noodles & Company per person average check for the same period. Revenue of a restaurant, as used in this definition means the aggregate amount of all sales of food, beverages and other products sold in or by such restaurant, whether for cash or credit, but excluding all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, all coupons, promotions, discounts and refunds.

"Confidential Information" - Our proprietary and confidential information relating to the development and operation of Noodles & Company restaurants, including: (1) ingredients, recipes, and methods of preparation and presentation of authorized food products; (2) site selection criteria for Noodles & Company restaurants and plans and specifications for the development of Noodles & Company restaurants; (3) sales, marketing, and advertising programs and techniques for Noodles & Company restaurants; (4) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing for authorized food products, materials, supplies, and equipment; (5) knowledge of operating results and financial performance of Noodles & Company restaurants, other than Noodles & Company restaurants you own; (6) methods of inventory control, storage, product handling, training, food cost and management relating to Noodles & Company restaurants; (7) computer systems and software programs used or useful in Noodles & Company restaurants; (8) this Agreement and the terms hereof; and (9) any information that we provide you that is labeled proprietary or confidential.

"Development Area" - As defined in Section 2.02.

"Development Fee" - As defined in Section 2.01.

"Development Obligations" - As defined in Section 2.03.

"Development Period" - Means each of the time periods indicated on Exhibit A during which Area Operator shall have the right and obligation to construct, equip, open, and thereafter continue to operate Noodles & Company Restaurants in accordance with the Area Development Agreement.

"Development Rights" - As defined in Section 2.02.

"Development Term" - As defined in Section 2.01.

"Development Schedule" - As defined in Section 2.03.

"Entity" - Business corporation, partnership, limited liability company or other legal entity.

"Franchise Agreement" - As defined in Section 3.04.

"Franchise Fee" - As defined in Section 3.04.

"Immediate Family" - Spouse, parents, brothers, sisters, and children, whether natural or adopted.

"Limited Access Highway" - means that portion of a highway with oasis or service center facilities for motorists and truckers. Includes highways with limited access from surface roads, often commonly referred to as freeways or Interstate Highways.

"Marks" - The current and future trade names, trademarks, service marks, and trade dress used to identify the services and/or products Noodles & Company restaurants offer, including the mark "Noodles & Company" and the distinctive Noodles & Company restaurants' building design and color scheme.

"Noodles & Company restaurants" - Restaurants that we or any of our Affiliates own, operate, or franchise and which use the Marks and the System.

"Non-Traditional Venues" - As defined in Section 2.02.

"Operating Partner" - The individual you designate in Exhibit B and any replacement we approve.

"Owner" - Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are an entity.

"Personal Profile" - The personal, financial, business, and other information relating to you and your Owners set forth in our personal profile form(s) which you and your Owners have completed and submitted to us prior to or together with the ADA Application.

"Principal Owner" - Each Owner that has a ten percent (10%) or greater interest in you, if you are an entity or an individual that owns ten percent (10%) or more of the interest in the ADA.

"Protected Area" - As defined in Section 2.04.

"Publicly Held Entity" - An entity for which any of the following are true: (1) securities of such entity would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than thirty five (35) persons; or (2) after such issuance or sale, such entity (or you) would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

"Site Approval Form" - As defined in Section 3.02.

"Site Package" - As defined in Section 3.02.

"System" - The business methods, designs, and arrangements for developing and operating Noodles & Company restaurants, including the Marks, building design and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, food safety procedures, training, methods of inventory control and certain operating and business standards, policies and procedures, all of which we may improve, further develop or otherwise modify from time to time.

"Term" - As defined in Section 2.01.

"Transfer the Development Rights" - or similar words - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in Area Operator, including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, Area Operator or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, Area Operator; (2) any merger or consolidation of Area Operator, whether or not Area Operator is the surviving corporation; (3) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or (4) any transfer upon the death of Area Operator or any Principal Owner of Area Operator by will, declaration or transfer in trust or under the laws of intestate succession.

*Any capitalized term not defined herein shall have the same meaning as that prescribed in the Franchise Agreement.

2. DEVELOPMENT RIGHTS.

2.01 Term and Development Fee. Unless sooner terminated in accordance with Section 8, the term of this Agreement (the "Term") starts on the date hereof and expires on the earlier of the expiration date set forth in Exhibit A or the date upon which Area Operator opens for operation the cumulative number of Noodles & Company restaurants in the Development Area (as such term is defined in Section 2.02 hereof) set forth in Exhibit A. At the time you sign this Agreement, you must pay us the nonrefundable Development Fee ("Development Fee") set forth in Exhibit A.

2.02 Development Rights.

(a) Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Area Operator, and Area Operator hereby accepts, the right and obligation, during the Term (defined below), to develop Noodles & Company Restaurants in the geographic area defined as the Development Area defined below (the "Development Rights"). You shall have no right to subfranchise, sublicense, or otherwise grant sub rights to anyone.

(b) No right or license is granted to Area Operator hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress, or designs owned by Noodles & Company, such right and license being granted solely pursuant to Franchise Agreements. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Area Operator to own or operate a Noodles & Company Restaurant, except pursuant to duly executed and substituting Franchise Agreement, and Area Operator shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress, or designs without the prior express written consent of Noodles & Company.

(c) During the Term, and provided you and your Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates (including Franchise Agreements signed pursuant to this Agreement), we will: (i) grant to you, in accordance with Section 3, that cumulative number of franchises for Noodles & Company restaurants set forth in Exhibit A, all of which are to be located within the geographical area described in Exhibit A and within the specific trade areas as agreed to by us and you therein ("the Development Area"); and (ii) not operate (directly or through an Affiliate), nor grant the right to operate, any Noodles

& Company restaurants located within the Development Area, except for: (1) franchises granted pursuant to this Agreement; (2) Noodles & Company restaurants open (or under lease, construction, or other commitment to open) as of the date hereof; and (3) as set forth below in Sections 2.02(d) and (e).

(d) You acknowledge, however, that certain locations within the Development Area are by their nature unique and separate in character from the sites to which we intend to grant you a franchise or area Development Rights pursuant to this Agreement; such sites are referred to as "Non-Traditional Venues." As a result, you agree that Non-Traditional Venues are excluded from the Development Area (and any Protected Area under any Franchise Agreement) and we shall have the right to develop (by direct ownership, franchising, licensing or other means) such locations, even if such sites are located within the Development Area (and any Protected Area under any Franchise Agreement) and regardless of the proximity of such sites to any Noodles & Company restaurant for which you have or might have in the foreseeable future a franchise. Non-Traditional Venues include, for example: (i) transportation facilities, including airports, train stations, subways and rail, and bus stations; (ii) military bases and government offices; (iii) sports facilities, including stadiums and arenas; (iv) amusement parks, zoos, and convention centers; (v) car and truck rest stops, and travel centers and Limited Access Highway oasis and rest and service areas; (vi) casinos, (vii) food courts; (viii) Indian reservations; and (ix) museums.

(e) Additional Reservation of Rights. Except for the rights specifically granted to you, we reserve all other rights, including, for example, the following rights:

(i) We reserve the right to manufacture and sell anywhere products that are the same or similar to products sold in Noodles & Company restaurants using brand names that are similar to or the same as the Marks through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers and gas stations.

(ii) We reserve the right to sell products and services through other channels of distribution including Internet, wholesale, mail order and catalog. The Internet is a channel of distribution reserved exclusively to us and you may not independently market on the Internet or conduct e-commerce except as we approve, in our sole discretion.

(iii) We reserve the right to operate and franchise and license others to operate other concept restaurants.

(iv) We reserve the right to develop and/or own other franchise systems for the same or similar products and services using different trademarks than those licensed to you.

(v) We reserve the right to produce, license, manufacture, sell, distribute and market Noodles & Company brand named products, and products bearing other marks, including food and beverage products, clothing, souvenirs, and novelty items through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers, and gas stations.

(vi) We reserve the right to purchase or be purchased by, or merge or combine with, competing businesses wherever located.

2.03 Development Obligations. You must have open and operating continuously in the Development Area in accordance with and pursuant to Franchise Agreements, that cumulative number of Noodles & Company restaurants set forth in Exhibit A by the corresponding dates set forth therein ("Development Schedule"). Time is of the essence in this Agreement. In the event you fail to develop and operate Noodles & Company restaurants (i) in accordance with the Development Schedule; (ii) on an accepted site; (iii) in accordance with our then current design, construction, and equipment specifications; (iv) consistent with the plans accepted for said site; and (v) in accordance with the System, you would be in material breach of this Agreement; however, except as provided in Section 3.04(e) our right to terminate this Agreement shall be our exclusive remedy for your failure to meet the Development Schedule. If your right to develop Noodles & Company restaurants expires, is terminated in accordance with this Agreement or is otherwise terminated, we shall have the right thereafter to develop and operate, or to allow others to develop and operate, Noodles & Company restaurants, and to use, and to allow others to use, the Marks and the System in the Development Area, subject to such protection granted via the Protected Area as may be granted pursuant to previously executed Franchise Agreements executed pursuant hereto. Notwithstanding any other term or condition of this Section 2.03, you shall not be deemed to be in breach of this Section 2.03 or the Development Schedule set forth in Exhibit A if your failure to timely open the requisite number of Noodles & Company restaurants results solely from substantial and significant weather delays, fires or other natural disasters not exceeding twenty (20) days in the aggregate for all such delays; any delay resulting from any of such causes shall extend performance only as mutually agreed upon by the parties, but in any event not to exceed in the aggregate twenty (20) days during the Term of this Agreement and the Franchise Agreement.

2.04 Protected Area. Each of the restaurants you develop will have a Protected Area, as such is designated in the Franchise Agreement for such restaurant. The Protected Area may be designated as a radius, polygon or other geometric shape or as a specific trade area as Noodles and Company shall determine prior to execution of the Franchise Agreement for such restaurant.

2.05 Restrictions on Debt. In connection with the development of the Development Area and operation of the Franchised Noodles & Company Restaurants, including payment to us of the development fee set forth in Exhibit A of the Area Development Agreement, the payment of franchise fees and the costs and expenses to be incurred pursuant to Franchise Agreements, you and each Owner represent, warrant, covenant and agree that neither you nor any Owner borrowed any funds or otherwise incurred any debt to obtain any funds for the payment of any such fees, costs and expenses, except as specifically permitted in this Section 2.05. You and each Owner shall not, without our prior written consent, which shall not be unreasonably withheld, directly or indirectly borrow any money or incur any debt or liability (other than lease obligations for each Restaurant's land and building and trade payables in the ordinary course of business) to develop the Development Area or to establish, operate and maintain Noodles & Company Restaurants, which may be established in the Development Area pursuant to this Agreement, except as provided in this Section 2.05. You may incur debt in connection with the development of Noodles & Company Restaurants hereunder, provided that (a) you will, in connection with the development of each such Restaurant, receive equity contributions from your Owners equal to not less than 25% of the total development cost of the Restaurant (which shall consist for this purpose of the cost of all leasehold improvements, furniture, fixtures and equipment) and (b) from and after the first anniversary of the opening of your first Restaurant hereunder, at no time shall your total indebtedness outstanding at any time during any fiscal year exceed 4.0 times your earnings (determined in accordance with generally accepted accounting principles consistently applied) before interest, taxes, depreciation and amortization

(EBITDA) minus any distributions to Owners for such fiscal year. You agree to provide within 90 days after the end of each fiscal year a statement certified by one of your executive officers setting forth the amount of your EBITDA and distributions to Owners (if any) for such year and your indebtedness at year end. Such debt shall have an initial amortization schedule of no more than ten (10) years from inception. You shall not extend, renew, refinance, modify or amend any debt or liability permitted by this Section 2.05 without our prior written consent, which consent shall not be unreasonably withheld.

Furthermore, any debt instrument must provide to us the following protections, and any others that we from time to time require, (i) Franchisor shall be provided notice of any default of any such debt instrument simultaneous with notice being provided to you and Owners; (ii) Franchisor shall have a right of first refusal to purchase any restaurant to be sold, disposed of, or otherwise transferred by the lender of such debt instrument; (iii) Franchisor shall have the right, but not the obligation, to cure your and Owner's default under such debt instruments; and (iv) Franchisor shall have the right to operate the restaurant(s) that is the subject of the debt instrument upon your or Owner's default of such instrument. In the event you default on your debt and we elect to pursue any of the foregoing protections available to us, your right to cure such default shall expire as of the date we pursue any such protections notwithstanding any longer cure period set forth elsewhere in any agreement between you and us. Additionally you shall be liable for the full amount we pay to cure your default plus interest at eighteen percent (18%) per annum, or the highest rate allowable by law, and all costs we incur, including legal fees and appraisal fees relating to the evaluation of and exercise of any such protections. Breach of this Section 2.05 is a material breach of this Agreement.

3. GRANT OF FRANCHISES.

3.01 Site Selection Assistance. We will furnish you with our site selection criteria for Noodles & Company restaurants, as we may establish from time to time. We also will provide such on-site evaluation of sites proposed pursuant hereto as we deem necessary or appropriate.

3.02 Site Evaluation and Acceptance. We will accept sites for the cumulative number of Noodles & Company restaurants set forth in Exhibit A located within the Development Area in accordance with the following provisions:

(a) We will provide you our then current site criteria upon notice from you that you are actively seeking a site for one of your restaurants. You must submit to us, in accordance with procedures we establish from time to time, a complete Site Package, as we may establish from time to time (the "Site Package"), containing all information that we reasonably require for each site for a Noodles & Company restaurant that you propose to develop and operate and that meets our then current standard site selection criteria for Noodles & Company restaurants. The Site Package shall be submitted in a format defined by Noodles & Company to allow submittal and presentation to the Real Estate Site Approval Committee (currently submitted electronically). The Real Estate Site Approval Committee meets approximately every two (2) weeks, and Area Operators are responsible for submitting their sites for approval at least one (1) week prior to the meeting. FAO's are required to attend meetings or participate via conference call. It is a material obligation of yours under this Agreement that you select and submit the required information for sites that are acceptable to us in a timely manner to cause your compliance with the Development Schedule;

(b) We will approve or reject each site for which you submit to us a complete Site Package in accordance with Section 3.02(a) and, if we approve the site, we will do so by delivering our standard Site Approval Form. Our Site Approval Form, duly executed by us, is the exclusive means by which we approve a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of our officers, employees or agents, shall be effective or bind us. We will use all reasonable efforts to make a site approval decision and, if the site is accepted, deliver a Site Approval Form to you within forty-five (45) days after we receive the complete Site Package and any other materials we have requested. In deciding whether to approve or reject a site you propose, we may consider such factors as we, in our sole discretion, deem appropriate, including, but not limited to, the general location and neighborhood, demographic information, traffic patterns, access, visibility, site economics, location of other retail food establishments (including other Noodles & Company restaurants) and size, condition trade dress, configuration, appearance, and other physical characteristics of the site. Neither our approval of a proposed site, nor any information communicated to you regarding our standard site selection criteria or the proposed site constitute a warranty or representation of any kind, express or implied, as to the suitability of the proposed site for a Noodles & Company restaurant or for any other purpose. Our approval of a proposed site merely signifies that we are willing to grant a franchise for a Noodles & Company restaurant at that location in accordance with the terms of this Agreement. Your decision to develop and operate a Noodles & Company restaurant at any site is based solely on your own independent investigation of the suitability or success of the site for a Noodles & Company restaurant. In consideration of our approval of a proposed site, you and your Owners agree to release us, and our Affiliate, officers, directors, employees and agents from any and all loss, damages, and liability arising from or in connection with the selection and/or approval of such site for the development of a Noodles & Company restaurant. Your restaurants may not be relocated without our prior written consent and compliance with our then current site criteria.

(c) Within sixty (60) days following the execution of the Area Development Agreement, the Area Operator shall prepare and submit to Noodles & Company a Trade Area Map, derived from mapping software that has been approved in writing by Noodles & Company in its sole discretion, that defines the proposed real estate strategy for the entire franchise territory. The Trade Area Map shall outline all of the proposed trade areas that are targeted for a Noodles & Company restaurant, and rank the trade areas as follows:

Primary Trade Area: This would be a premier trade area in the market that tends to attract customers from throughout the market or region. Such trade areas may include entertainment districts, regional shopping centers, universities, hospital complexes, sports arenas and other similar activities that provide brand awareness to a larger portion of the population. Such trade areas should be targeted for the first two (2) to three (3) restaurants to open in the market.

Secondary Trade Area: This would be a solid, good performing trade area that primarily serves customers working or living within the trade area boundary. Such trade areas commonly include concentrated employment centers, and a variety of quality shopping centers serving daily needs. Secondary trade areas typically make up the largest number of trade areas in a market, and should be targeted to immediately follow the initial primary trade areas.

Tertiary Trade Areas: These would be good trades areas that are distinctly independent of Primary and Secondary Trade Areas, but would likely not perform

as well on average as the other trades areas. Tertiary Trade Areas would typically be the last trade areas developed in a market.

The Area Operator may be asked to provide the Trade Area Map along with supporting information to Noodles & Company on an annual basis, but not more frequently than twice per year.

(d) No lease for an approved site may be entered into without our prior written consent, which shall not be unreasonably withheld.

3.03 Financial Qualifications. In conjunction with our decision whether to accept or reject a proposed site, we may require that you and your Principal Owners furnish us financial statements (historical and pro forma), of the sources and uses of capital funds, budgets and other information regarding yourself, your Principal Owners and each legal entity, if any, involved in the development, ownership and operation of any Noodles & Company restaurant you propose, as well as any then existing Noodles & Company restaurants you or your Affiliates own. We may require some if not all of the following information, and reserve the right to make additional reasonable requests for information:

- Audited financial statements for the last three (3) fiscal years
 - Interim unaudited financial statements consisting of a balance sheet, income statement and statement of cash flows, prepared in accordance with generally accepted accounting principles, for the current fiscal year
 - Restaurant level income statements for the last three (3) years and current interim period for other franchise operations owned containing at a minimum a disclosure of net sales, comparables, cost of goods sold, labor, taxes and benefits, controllable expenses, occupancy costs and non-controllable expenses
- Calculation of restaurant same store sales for the last three (3) years and current interim period for all other franchise restaurants owned

All such information shall be verified by you and your Principal Owners as being complete and accurate in all respects, shall be submitted to us in accordance with our requirements and will be relied on by us in determining whether to grant a franchise for the proposed Noodles & Company restaurant. We may refuse to grant you a franchise for a Noodles & Company restaurant; (i) if you fail to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Noodles & Company restaurant and the then-existing Noodles & Company restaurants you and your Affiliates own; (ii) you have failed to properly develop and operate on a continuous basis the then-existing Noodles & Company restaurants you and your Affiliates own; (iii) you have failed to fully comply with this Agreement and any franchise agreements between you and us, including the Development Schedule within the Development Periods; or (iv) you are ineligible to hold or will be, in our opinion, unable to obtain a liquor license for each Noodles & Company restaurant contemplated by this Agreement. We will evaluate such financial and management capabilities in accordance with the then-current standards we use to establish Noodles & Company restaurants in other comparable market areas. We may also require you to submit a business plan for any proposed site. The absence of any of the failures described in Section 3.03 (i) through (iv) herein is each a condition precedent to any obligation of Noodles & Company to grant a franchise agreement for any proposed site or other performance of this Agreement.

3.04 Grant of Franchise. If we accept a proposed site pursuant to Section 3.02, and you demonstrate the requisite financial and management capabilities (if requested by us) pursuant to Section 3.03 and have satisfied all conditions precedent, then we agree to offer you a franchise to operate a Noodles & Company restaurant at the proposed site by delivering to you our then-current form of franchise agreement, together with all standard ancillary documents (including exhibits, riders, collateral assignments of leases, Principal Owner guarantees and other related documents) that we then customarily use in granting franchises for the operation of Noodles & Company restaurants in the state in which the Noodles & Company restaurant is to be located ("the Franchise Agreement") subject to the following terms and conditions.

(a) The Franchise Agreement and all ancillary documents must be executed by you and your Owners and returned to us not earlier than five (5) days and not later than thirty (30) days after signing a lease for a Noodles & Company premises or when construction begins, whichever first occurs. If we do not receive the fully executed Franchise Agreement and payment of the Franchise Fee as required hereunder, we may revoke our offer to grant you a franchise to operate a Noodles & Company restaurant at the proposed site and may revoke our acceptance of the proposed site.

(b) The Development Fee shall be \$10,000.00 per restaurant listed on Exhibit A for each restaurant, except the Development Fee for the first restaurant developed pursuant to this Agreement shall be \$35,000. All Development Fees must be paid in full on or before the day we execute this Agreement. See Exhibit A for the total amount due upon execution of this Agreement. You acknowledge and agree that no portion of the Development Fee shall be refundable for any Noodles & Company restaurants that you have failed (for any reason or no reason) to develop in accordance with the terms of this Agreement. The Development Fee and each Franchise Fee is fully earned by Noodles & Company at such time it is paid.

(c) The Franchise Fee payable for each Noodles & Company restaurant required to be developed by Area Operator pursuant to this Agreement shall be \$35,000.00, payable in accordance with the payment requirements of this Agreement and the Franchise Agreement. The Franchise Fee for the first restaurant shall be deemed paid when the Development Fee is paid in full. Additionally, for each subsequent restaurant, the first \$10,000 of the Franchise Fee for such restaurants shall be deemed paid when the Development Fee is paid in full. The balance of the Franchise Fee shall be payable in accordance with the due date set forth in the Franchise Agreement, except as set forth in Section 3.04(e). You acknowledge and agree that no portion of the Development Fee shall be refundable for any Noodles & Company restaurants that you have failed (for any reason or no reason) to develop or open in accordance with the terms of this Agreement and the Franchise Fee or Franchise Agreement. The Development Fee and each Franchise Fee is fully earned by Noodles & Company at such time it is paid; and

(d) The Royalty Fees shall not exceed the percentage set forth in our standard form Franchise Agreement being offered as of the date of this Agreement.

(e) Notwithstanding anything to the contrary in the Franchise Agreement, the Franchise Fee for a restaurant to be developed hereunder must be paid by the Required Opening Date as set forth in Exhibit A, regardless of whether the Franchise Agreement for the restaurant has been signed or the restaurant is open for operation or under construction. The obligation to pay the Franchise Fee for restaurants that were required to be open prior to termination of this Agreement shall survive termination of this Agreement.

4. YOUR ORGANIZATION AND MANAGEMENT.

4.01 Organizational Documents. You must be a business corporation, partnership, limited liability company or other legal entity formed for the sole purpose of developing and holding franchises to operate Noodles & Company restaurants. You and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization, and you are duly qualified to transact business in the state(s) in which the Development Area is located; (b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; (c) true and complete copies of the articles of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management, and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your entity's activities are restricted to those necessary solely for the development, ownership, and operation of Noodles & Company restaurants in accordance with this Agreement and in accordance with any other agreements entered into with us or our Affiliate if applicable; (e) the articles of incorporation, partnership agreement, or other organizational documents recite that the issuance, transfer, or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions; and (g) you will deliver to us a Secretary/Clerk's Certificate or attestation or other evidence satisfactory to us that the execution, delivery and performance of this Agreement, each Franchise Agreement as it is executed, and all other agreements and ancillary documents contemplated hereby or thereby have been duly authorized by all necessary action by your corporation, partnership, limited liability company, or other legal entity, as applicable. You may not change the form of your entity unless we mutually agree in writing that such a change is warranted. Neither you, your partners, shareholders, members of an LLC nor the entity formed to operate the restaurants may be, or become, during the term of this Agreement and any other agreements between us, including the Franchise Agreement, a Publicly Held Entity.

4.02 Disclosure of Ownership Interests. You and each of your Owners represent, warrant and agree that Exhibit B is current, complete and accurate and shall not be changed without our prior written consent. You agree that updated Exhibits B will be furnished promptly to us, so that Exhibit B (as so revised and signed by you) is at all times current, complete and accurate. Failure to promptly provide us a revised and corrected Exhibit B, and to obtain our prior written consent prior to such changes, is a material breach and default of this Agreement. Each person who is or becomes a Principal Owner must execute an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as Exhibit C. Each person who is or becomes an Owner or an Operating Partner must execute an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in the Agreement, the current form of which is attached hereto as Exhibit D. Each Owner must be an individual acting in his individual capacity, unless we waive this requirement. The initial owners who execute this agreement as of its effective date shall at all times continue to own and have voting authority of at least fifty-one percent (51%) of the ownership and voting rights under this agreement.

4.03 Operating Partner/Management of Business. You must designate in Exhibit B as the "Operating Partner" an individual accepted by us who must: (a) have completed our Operating Partner training program to our satisfaction; (b) be the senior management individual

who is involved in day-to-day operations of your Noodles & Company restaurants; (c) be the person with whom we communicate as to development, operations and Area Operator matters; (d) have the authority to bind you regarding all operational decisions with respect to your Noodles & Company restaurants; and (e) have primary residency in the Development Area continuously during the term of this Agreement.

Your Operating Partner: (a) shall exert full-time and best efforts to the development and operation of your Noodles & Company restaurants and all other Noodles & Company restaurants you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder. You agree to provide us with an executed copy of any arrangement, agreement, or contract, and all amendments thereto, with your Operating Partner. We shall have no responsibility, liability or obligation to any party to any such arrangement, agreement, or contract, or any amendments thereto, on account of our approval thereof or otherwise, and you agree to indemnify and hold us, and our Affiliates if applicable, harmless with respect thereto. Your Noodles & Company restaurants at all times must be managed by your Operating Partner or by an on-site general or assistant manager or a shift supervisor who has completed the appropriate training programs.

Prior to opening your first Noodles & Company restaurant, you, your Operating Partner, general managers and any other personnel who are intended to have, or who actually have, responsibilities for operating any Noodles & Company restaurant must complete the appropriate training program to our satisfaction.

Thereafter, subsequently hired personnel must complete the appropriate training program that is approved by or provided by Noodles & Company personnel to our satisfaction before assuming their position in accordance with our then-current Operations Manual.

5. RELATIONSHIP OF THE PARTIES.

5.01 Independent Contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between or among the parties. Franchisor and Area Operator, as between themselves, are and shall be independent contractors.

If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such covenant, we and you acknowledge and agree that: (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; (b) we will use our judgment in exercising such discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of Noodles & Company restaurants generally (including ourselves, and our Affiliates and other Area Operators), and specifically without considering your individual interests or the interests of any other particular Area Operator; (c) we will have no liability to you for the exercise of our discretion in this manner so long as such discretion is not exercised in bad faith toward you; and (d) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for our judgment so exercised.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner, or employee of the other party for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the FAO granted hereunder and must place such other notices of independent ownership on such forms, business cards, stationery, advertising, and other materials as we may require from time to time.

You may not make any express or implied agreements, warranties, guarantees, or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

5.02 Indemnification. You agree to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, agents, successors, and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with the development, ownership, operation or closing of any of your Noodles & Company restaurants (collectively "Event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity will not apply to any liability arising from the negligent acts of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term "losses and expenses" includes compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any Event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We shall not be required to consent to any settlement that admits any fault, directly or indirectly, on our part. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend or settle any Event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of Indemnitees or Noodles & Company restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an Event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the Event if such would cause your insurer to deny coverage so long as your insurer provides suitable skilled counsel to defend the action. We reserve the right to retain counsel to represent us with respect to an Insured Event. This Section 5.02 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

5.03 Ownership of the Marks. You acknowledge that we, or our Affiliates, if applicable, own the Marks and that you are not granted the right under this Agreement to use the Marks. Your right to use the Marks arises solely from, and is limited to, Franchise Agreements entered into between you and us. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner not explicitly authorized in writing by us. You may not, at any time during or after the Term, contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks.

If we determine that it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you agree to comply with our directions within fourteen (14) days after notice. Neither we nor any of our Affiliates shall have any liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

6. RESTRICTIVE COVENANTS.

6.01 Confidential Information. We will disclose parts of our Confidential Information to you solely for your use in connection with this Agreement and only as specifically permitted by the Operations Manual. The Confidential Information is proprietary and includes our trade secrets. During the Term and indefinitely thereafter: (a) you and your Owners may not use the Confidential Information in any other business or capacity (you acknowledge such use is an unfair method of competition); (b) you and your Owners must exert your best efforts to maintain the confidentiality of the Confidential Information; (c) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; (d) you and your Owners must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with your Owners, officers, directors and general managers, and you and your Owners must deliver such agreements to us; and (e) you and your Owners must not disclose or distribute the Confidential Information except as permitted by us in writing prior to such disclosure. At the end of the Term, you and your Owners must deliver to us all such Confidential Information in your possession, except for such information as you are permitted to retain pursuant to Franchise Agreements then in effect. Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the restaurant industry (other than through your own disclosure or the wrongful disclosure of another), provided you obtain our prior written consent to such disclosure or use.

6.02 In-Term Covenants. During the Term, you shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) the United States.

6.03. Post-Term Covenants. For a continuous uninterrupted period commencing upon the expiration or termination of this Agreement and for two (2) years thereafter, you shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) any Designated Market Area (as defined by Nielsen Media Research) where a Noodles & Company Restaurant is located.

6.04 Independent Covenant. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction, the parties desire the court to reform the covenant to render the covenant enforceable, but only to the extent required to render the covenant enforceable, so that Noodles & Company may obtain the greatest possible level of protection from the misuse of Confidential Information, the diversion of customers, the solicitation of its employees and unfair competition; and in such event, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately state in and made a part of this Agreement.

6.05 Reduction in Scope. You understand and acknowledge that Noodles & Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon written notice to you. You shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions hereof.

6.06 Offset/Counterclaim. You expressly agree that the existence of any claims you may have against Noodles & Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Noodles & Company of the covenants in this Section 6.

6.07 Injunctive Relief. You acknowledge and agree: (a) that any failure to comply with the covenants in this Agreement shall constitute a default hereunder; (b) that a violation of the requirements of this Agreement would result in irreparable injury to Noodles & Company for which no adequate remedy at law may be available; and (c) therefore, Noodles & Company shall be entitled, in addition to any other remedies which it may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirement of this Agreement, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

6.08 Information Exchange. All recipes, processes, ideas, concepts, methods, and techniques used or useful to a restaurant, grocery store, or other business offering restaurant products, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, in connection with the development or operation of your Noodles & Company restaurants must be promptly disclosed to us. If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and deemed to be works made-for-hire for us. You hereby assign and further agree to sign whatever further assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques, or materials.

6.09 Confidentiality and Non-Compete Agreements. You agree to cause each of your Owners and Operating Partners and any other management personnel primarily involved in Noodles & Company to enter into and comply with the confidentiality and non-compete agreement referred to in Section 4.02 hereof.

7. AREA OPERATOR'S RIGHT TO TRANSFER.

7.01 Franchisor's Approval. Your rights and duties under this Agreement are personal to you and your Principal Owners. Accordingly, neither you nor any of your Owners may Transfer the Development Rights or any direct or indirect interest therein without our prior written consent, which may be withheld in our sole discretion. If we are required by applicable law to permit a transfer, the criteria in Section 7.02 must be met and you must obtain our approval. Any such transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect. You may not, under any circumstances, directly or indirectly, subfranchise or sublicense any of your rights hereunder. If applicable law does not require us to permit a transfer, no transfer shall be permitted and Section 7.02 will not apply.

7.02 Conditions for Approval. If we have not exercised our right of first refusal under Section 7.06, and we are required by law to permit a transfer of this Agreement, we will not unreasonably withhold our approval of a Transfer of the Development Rights that meets all of the restrictions, requirements and conditions we impose on the transfer, the transferor(s) and the transferee(s), including without limitation the following:

(a) you and your Owners and Affiliates must be in compliance with the provisions of this Agreement, all Franchise Agreements executed pursuant hereto and all other agreements with us or our Affiliate, if applicable;

(b) the proposed transferee must be a corporation, partnership, limited liability company or other legal entity; transferee and its owners must provide us on a timely basis all information we request, and the owners must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to develop Noodles & Company restaurants pursuant to this Agreement, and who must otherwise meet our then current standards for approval;

(c) the proposed transferee may not be, or become, an entity, or be, or become, affiliated with an entity, that is a Publicly Held Entity;

(d) the transferee and its owners must agree to be bound by all of the provisions of our then current Area Development Agreement for the remainder of the Term;

(e) the transferee must acquire, in a concurrent transaction, all of your rights and the rights of your Owners and Affiliates under all agreements between you or your Affiliates and us or our Affiliate, regarding all restaurants contemplated by this agreement not yet developed and/or operating;

(f) you or the transferee must pay us a transfer fee in an amount equal to \$7,500, plus \$3,500 for each Noodles & Company restaurant for which a Franchise Agreement has been executed, or is contemplated by the terms of this Agreement, plus any transfer fee required by any other agreement between you or your Affiliates and us or our Affiliates and all costs associated with such transfer;

(g) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us, our Affiliates and stockholders, officers, directors, employees, agents, successors, and assigns;

(h) we must not have disapproved the material terms and conditions of such transfer on the basis that they are so burdensome as to be likely, in our reasonable judgment, to adversely affect the transferee's operation of Noodles & Company restaurants or its compliance with its franchise agreements, any area development agreements and any other agreements being transferred;

(i) if you (or any of your Owners or Affiliates) finance any part of the sale price of the transferred interest, you and/or your Owners or Affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due us and our Affiliates and to otherwise comply with this Agreement, any Franchise Agreement being transferred or any franchise agreement to be executed by the transferee;

(j) you and your Owners must execute a noncompetition covenant, in form and substance satisfactory to us, in favor of us and the transferee agreeing that, for a period of two (2) years, starting on the effective date of the transfer, you and your Owners will not, directly or indirectly (such as through a member of his or their Immediate Families), own any legal or beneficial interest in, or render services or give advice to: (1) any Competitive Business; or (2) any entity that grants franchises, licenses, or other interests to others to operate any Competitive Business in any Designated Market Area (as defined by Nielsen Media Research) where a Noodles & Company Restaurant is located, whether Company-owned or franchised, or within any area that is or was within an Area Development Area or a Protected Area, as those terms are defined in the Area Development Agreement and Franchise Agreement;

(k) we determine that no applicable federal or state statute, regulation, rule, or law, which is enacted, promulgated, or amended after the date hereof, may have a material adverse effect on our rights, remedies, or discretion with respect to our relationship with the proposed transferee;

(l) you and your Owners and Affiliates must execute such other documents and do such other things as we reasonably require to protect our rights under this Agreement, any Franchise Agreements, and any other agreements being transferred;

(m) transferee must have obtained an acceptable assignment of Lease(s) from each landlord for each Noodles & Company restaurant contemplated by this Agreement and as to each restaurant which is proposed to be transferred and

(n) transferee, after the transfer, must own the minimum number of Noodles & Company restaurants we require of other Area Operators.

7.03 Effect of Approval. Our approval of a Transfer of the Development Rights does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects for success by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners, or a waiver of our right to demand the transferee's compliance with this Agreement. Any approval shall apply only to the specific Transfer of the Development Rights being proposed and shall not constitute our approval of, or have any bearing on, any other proposed Transfer of the Development Rights.

7.04 Special Transfers. Neither Section 7.06 nor Section 7.02(f) shall apply to any Transfer of the Development Rights among any of your then current Owners. Following our receipt of thirty (30) days' notice to us, you may, if you are a partnership, transfer this Agreement, in conjunction with a transfer of all of the Franchise Agreements executed pursuant hereto and all of the assets of the Noodles & Company restaurants operated pursuant thereto, by an agreement in form and substance approved by us, to a business corporation or limited liability company which conducts no business other than the development and operation of Noodles & Company restaurants, and of which you own and control all of the equity and voting power of all issued and outstanding capital stock. None of the foregoing assignments shall relieve you or your Principal Owners of your obligations hereunder, and you and your Principal Owners shall remain jointly and severally liable for all obligations hereunder. We will also permit transfers among partners so long as the transfer is to a prior existing partner that was previously approved by us and who meets our then current requirements for Area Operators and Franchisees.

7.05 Death or Disability of Operating Partner or Area Operator. Upon your death or permanent disability, or the death or permanent disability of your Operating Partner or an Owner of a controlling interest in Area Operator, if we have not exercised our Right of First Refusal, the executor, administrator, or other personal representative of such person shall transfer his interest in this Agreement or his interest in Area Operator to a third party approved by us in accordance with all of the applicable provisions of Section 7 within a reasonable period of time, not to exceed six (6) months from the date of death or permanent disability. We agree not to exercise our right of first refusal in the case of death or disability if the proposed purchaser or transferee is a family member who meets our then current requirements for Area Operators and Franchisees or is a prior existing partner that was previously approved by us and who meets our then current requirements for Area Operators and Franchisees.

7.06 Noodles & Company's Right of First Refusal. If you or any of your Owners desires to Transfer the Development Rights for legal consideration, you or such Owner(s) must obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under Area Development and Franchise Agreements for Noodles & Company restaurants) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for the transfer of the Development Rights must reflect the *bona fide* price offered therefore and not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within sixty (60) days from the date of delivery of a complete and accurate copy of such offer to us to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we shall have not less than ninety (90) days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets, and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the right of first refusal and we may conduct such investigation and analysis in any manner we deem reasonably appropriate, and you and your Owners agree to cooperate fully with us in connection therewith.

If we decide to exercise our option to purchase, we are then entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as we reasonably may require, provided if we exercise our option as a result of a written offer reflected in a fully negotiated definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents, or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement. If we do not exercise our option to purchase, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 7.01 and 7.02; provided that we will have another option to purchase if the sale to such offeror is not completed within ninety (90) days after we elect not to exercise our option to purchase, or if there is a material change in the terms of the offer. You will promptly notify us in either event and we will have an additional thirty-day (30) period to exercise our option following receipt of that notice.

7.07 Securities Offerings. Neither you nor any of your Owners shall issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without our mutual written agreement and complying with all of our requirements and restrictions concerning use of information about us and our Affiliate, if applicable. Neither you nor any of your Owners may issue or sell your securities or any securities of any of your Affiliates if: (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than thirty-five (35) persons; or (b) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended, hereinafter defined as "Publicly Held Entity," or (c) the result would be that the initial Owners would own less than fifty-one percent (51%) of your and/or your Affiliates' securities and voting rights.

Any proposed private placement of your securities or the securities of your Affiliates must be approved by us and our legal counsel prior to the offering of securities. You shall pay the costs of our review and associated legal fees.

8. TERMINATION OF THE AGREEMENT.

8.01 Immediate Termination. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if you become insolvent by reason of your inability to pay your debts as they mature or if you admit your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization, or similar proceeding under the bankruptcy laws of the United States or have such a petition filed against you, which is not discharged within thirty (30) days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets or property; if you request the appointment of a receiver or make a general assignment for the benefit of creditors; if a final judgment against you in the amount of \$25,000 or more remains unsatisfied of record for thirty (30) days or longer; if your bank accounts, property, or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; or if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days.

8.02 Termination Upon Notice. In addition to our right to terminate pursuant to other provisions of this Agreement or under applicable law, we may terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Principal Owners or Affiliates:

(a) fail to meet the Development Schedule and not cure such failure as soon as possible, and in any event within twenty (20) days after receipt of notice, unless no cure is possible, in which case there shall be no cure period;

(b) make an unauthorized Transfer of the Development Rights or fail to Transfer the Development Rights or the interest of a deceased or disabled Owner as required hereby;

(c) make any material misstatement or omission in the Personal Profile, the ADA Application, or in any other written information provided to us;

(d) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the System or the goodwill associated with the Marks;

(e) fail to comply with any other provision of this Agreement and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

(f) are in breach of any Franchise Agreement such that we have the right to terminate the Franchise Agreement, whether or not we elect to exercise our right to terminate the Franchise Agreement;

(g) make any unauthorized use or disclosure of the Confidential Information;

(h) are in breach of any other agreement between you or any of your Affiliates and us or our Affiliate, if applicable, such that we have a right to terminate any such agreement, whether or not we elect to exercise our right to terminate such agreement;

(i) if we determine that any applicable federal or state statute, regulation, rule, or law, which is enacted, promulgated, or amended after the date hereof, may have a material adverse effect on our rights, remedies, or discretion in franchising Noodles & Company restaurants;

(j) shall default in any material obligations of any Lease, any agreement between Noodles & Company (or its Affiliate) and Area Operator, any obligations to any Advertising Cooperative of which you are a member or to any vendor of Noodles & Company related Proprietary and Non-Proprietary Products, construction suppliers, or providers of services, and not cure such failure as soon as possible, and in any event within twenty (20) days after receipt of notice, unless no cure is possible, in which case there shall be no cure period;;

(k) violate any law that materially impacts the Agreement or the franchise;

(l) fail to construct the Premises in the manner and with the materials from Approved Suppliers and Designated Suppliers as required by the Franchise Agreement and not cure such failure as soon as possible, and in any event within twenty (20) days after receipt of notice, unless no cure is possible, in which case there shall be no cure period;

(m) fail to timely obtain and continue in force all licenses and permits, including liquor licenses necessary to open and construct the restaurant and not cure such failure as soon as possible and in any event within twenty (20) days after receipt of notice unless no cure is possible, in which case there shall be no cure period;;

(n) shall default in three (3) or more material obligations within the Term of the Agreement for which written notice has been provided, if required, or for which no notice was given if none was required, such repeated course of conduct, which need not be the same or identical breaches, shall itself be grounds for termination of this Agreement without further notice or an opportunity to cure; or

(o) fail to operate in accordance with the System and not cure such failure as soon as possible, and in any event within twenty (20) days after receipt of notice, unless no cure is possible, in which case there shall be no cure period.

(p) violate any of the covenants relating to non-competition in Sections 6.02 and 6.03 and in Exhibit D.

(q) failure to timely and successfully complete Operating Partners training as described in Section 4.03 to our satisfaction, or failure to timely and successfully complete the training program described in any Franchise Agreement.

Each of the foregoing (a) through (q) are material breaches and material defaults.

The Development Fee shall be fully earned by us upon execution of this Agreement for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein. We have no obligation whatsoever to refund any portion of the Development Fee upon any termination.

8.03. Statutory Limitations. Notwithstanding anything to the contrary contained in this Section 8, in the event any valid, applicable law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Noodles & Company's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Noodles & Company shall not, however, be precluded from contesting the validity, enforceability, or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

9. EFFECT OF TERMINATION AND EXPIRATION.

9.01 Continuing Obligations. All obligations under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect until they are satisfied in full or by their nature expire. Expiration or termination of this Agreement does not of itself terminate any Franchise Agreements between us.

9.02 Post-Term Covenants. Without limiting the generality of Section 9.01 hereof, the Post-Term covenants provided in Section 6.03 of this Agreement shall apply up on the expiration or termination of this Agreement.

You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and other opportunities for exploiting such skills in other ways, so that enforcement of the covenants contained in this Agreement will not deprive any of you of your personal goodwill or ability to earn a living. If you or any of your Owners fail or refuse to abide by any of the foregoing covenants and we obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two (2) years after the date such person starts compliance with the order enforcing the covenant.

10. DISPUTE RESOLUTION.

10.01 Mediation, Jurisdiction and Venue. Except for claims by either party for payments owed by one party to the other and except for claims requesting injunctive relief, any controversy or claim arising out of or relating to this Agreement or the making, interpretation, or performance hereof, shall first be submitted to mediation. The parties shall agree on a single

mediator within thirty (30) days after notice by the complaining party, and if no mediator is mutually agreed upon within such thirty (30) days, then the mediation shall be submitted by the complaining party to the American Arbitration Association's ("AAA's") regional office located closest to our principal place of business. The mediation proceedings shall be conducted in the city where we then have our principal place of business. You agree and acknowledge that Noodles & Company may, through manuals, or otherwise in writing, designate different procedures or rules for any mediation.

Subject to the foregoing, you and your Owners irrevocably submit to the jurisdiction of the Federal Courts of the United States in the state in which our principal place of business is located (which is Colorado as of the date hereof) and of the state courts of the city and county in which our principal place of business is located (which is as of the date hereof, the State of Colorado, City and County of Broomfield) in any suit, action, or proceeding, arising out of or relating to this Agreement or any other dispute between you and us. You irrevocably agree that all claims in respect of any such suit, action, or proceeding brought by you must be brought therein. You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action, or proceeding, and the defense of lack of personal jurisdiction.

You agree that service of process for purposes of any such suit, action, or proceeding arising out of this Agreement may be made by serving a person of suitable age and discretion (such as the person in charge of the office) at the notice address specified on the signature page of this Agreement.

10.02 Injunctive Relief. Notwithstanding the above, we may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may pursue such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived). You and each of your Owners acknowledge that any violation of Sections 5 or 6 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consent to the issuance of an injunction at our request prohibiting any conduct in violation of any of those Sections and agree that the existence of any claim you or any of your Owners may have against us, whether arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

10.03 Attorneys' Fees. If any party brings an action or arbitration against another party, with respect to the subject matter of this Agreement, the prevailing party, if any, shall be entitled to recover from the adverse party all of the reasonable expenses of the prevailing party, including attorney's fees.

10.04 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Colorado, excluding its choice of laws rules. This Agreement shall be construed under the laws of the State of Colorado, provided the foregoing shall not constitute an unlawful waiver of your rights under any applicable franchise law of another state. Otherwise, in the event of any conflict of law, Colorado law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be

enforceable under Colorado law, and if the Development Area is predominantly located outside of Colorado and such provision would be enforceable under the laws of the state in which the Development Area is predominantly located, then such provision shall be construed under the laws of that state. Nothing in this Section 10 is intended to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Colorado or any other state or political subdivision to which it otherwise would not be subject.

10.05 Limitations on Legal Actions.

(a) Waiver of Punitive and Exemplary Damages. Except with respect to your obligations regarding use of the Marks in Section 5 and the Confidential Information in Section 6.01, Franchisor and Area Operator (and its Owners) each waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other.

(b) Claims Barred After One Year. Any and all claims, controversies or disputes arising out of or relating to this Agreement, or the performance of Noodles & Company hereunder, shall be commenced by you against Noodles & Company within one (1) year from the occurrence first giving rise to such claim, controversy or dispute, or such claim controversy or dispute shall be barred.

(c) Prohibition Against Class and Collective Action. You agree that, for our franchise system to function properly, we should not be burdened with the costs of litigating system-wide disputes. Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action, and you (and each of your Owners) waive any right to proceed against us or our Affiliate, if applicable, officers, directors, employees, agents, successors, and assigns by way of class action, or by way of a multi-plaintiff, consolidated, or collective action. In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other Area Operator, and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

(d) Waiver of Jury Trial. Furthermore, the parties agree that any legal action in connection with this Agreement shall be tried to the court sitting without a jury, and all parties hereto waive any right to have any action tried by jury.

The provisions of this Section 10 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

11. MISCELLANEOUS.

11.01 Severability and Substitution of Provisions. Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein, which restricts competitive activity, is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity-prohibited, and/or length of time it shall be reformed to make it enforceable to the maximum extent permitted by law; but if such provision could not be rendered enforceable by reducing or reforming any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination than is required hereunder, a different standard of "good cause" to terminate this Agreement, or the taking of some other action not required hereunder, the prior notice, the "good cause" standard, and/or the other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement is invalid or unenforceable under applicable law, we have the right, after consultation with you, in our sole discretion, to modify such invalid or unenforceable provision to the extent required to make it valid and enforceable.

11.02 Waiver of Obligations. You and we may, by written instrument, unilaterally waive or reduce any obligation of the other under this Agreement. Any such waiver granted shall be without prejudice to any other rights the waiving party may have, will be subject to continuing review by such party, and may be revoked, in such party's sole discretion, at any time and for any reason, effective upon delivery to the other party of ten (10) days' prior notice. You and we shall not be deemed to have waived any right reserved by this Agreement or be deemed to have modified this Agreement by virtue of any custom or practice of the parties at variance with it.

11.03 Exercise of Rights. Except as otherwise expressly provided herein, the rights of Noodles & Company and Area Operator hereunder are cumulative and no exercise or enforcement by Noodles & Company or Area Operator of any right or remedy hereunder shall preclude the exercise or enforcement by Noodles & Company or Area Operator of any other right or remedy hereunder, which Noodles & Company or Area Operator is entitled to enforce by applicable law.

11.04 Successors and Assigns. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest. This Agreement is fully transferable and assignable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interest herein.

11.05 Construction. The language of this Agreement shall be construed according to its fair meaning and not strictly against any party. The introduction, personal guarantees, exhibits, and riders (if any) to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations, or statements between us and you relating to the subject matter of this Agreement, other than our Franchise Disclosure Document and Franchise Agreement, that either party may or does rely on or that will have any force or effect. Nothing in this Agreement is intended or shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. This Agreement shall not be modified except by mutual agreement of the parties evidenced by written agreement signed by both parties. Nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the most recent franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative.

The headings of the Sections are for convenience only and do not limit or construe their contents. The term "including" shall be construed to include the words "without limitation." The term "Area Operator" or "you" is applicable to one or more persons, a corporation, limited liability company, or a partnership, and its owners, as the case may be. If two or more persons are at any time Area Operator hereunder, whether as partners, joint venturers, or otherwise, their obligations and liabilities to us shall be joint and several. References to a controlling interest in an entity shall mean more than fifty percent (50%) of the equity or voting control of such entity.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

11.06 Approvals and Consents. Whenever this Agreement requires the approval, acceptance, or consent of either party, the other party shall make written request therefore, and such approval, acceptance, or consent shall be obtained in writing; provided, however, unless specified otherwise in this Agreement, such party may withhold approval, acceptance, or consent, for any reason or for no reason at all. Furthermore, unless specified otherwise in this Agreement, no such approval, acceptance, or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving, accepting, or consenting party shall have no responsibility, liability, or obligation arising therefrom.

11.07 Notices. All notices, requests, and reports permitted or required to be made by the provisions of this Agreement shall be in writing and shall be deemed delivered: (a) at the time delivered by hand to the recipient party or any officer, director or partner of the recipient party; (b) on the same date of the transmission by facsimile, telegraph, or other reasonably reliable electronic communication system, provided verification of receipt is retained and it is a business day (otherwise on the next business day); (c) one (1) business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. All notices to us must include a copy to our General Counsel and our Chief Financial Officer to be effective. Such notices, requests, and reports shall be sent to the addresses identified in this Agreement unless and until a different address has been designated by appropriate written notice to the other party.

11.08 Additional Services. We may, upon your request or in our sole discretion, provide additional services to you. The then-current Operations Manual will include the fees we are entitled to charge you for said services.

12. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving and claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

FRANCHISOR

Noodles & Company,
A Delaware Corporation

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Notice to Noodles & Company shall be sent to:

**Noodles & Company
520 Zang Street, Suite D
Broomfield, Colorado 80021**

To the attention of:

General Counsel

AREA OPERATOR

If a corporation, partnership, limited liability company or other legal entity:

(Name of corporation, partnership, limited liability company or other legal entity)

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

If Individuals:

(Signature)

(Print Name)

(Signature)

(Print Name)

Notice to Area Developer shall be sent to:

To the attention of:

EXHIBIT A

**TO THE AREA DEVELOPMENT AGREEMENT
BETWEEN NOODLES & COMPANY AND**

DATED _____, _____

TERM AND DEVELOPMENT

1. The term expires on: _____ (“expiration date”).
2. The Development Area is the geographical area described as follows and shown on the map attached hereto as Exhibit A-1:

City, County, State and other similar municipal governmental boundaries shall be considered fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

3. You must have open and in operation in the Development Area, pursuant to Franchise Agreements, the cumulative number of Noodles & Company restaurants set for below as of each of the following dates:

Number of Noodles & Company Restaurants to be Opened	Required Opening Date	Cumulative Number of Noodles & Company Restaurants

For purposes hereof, no Noodles & Company restaurants that are open and operating as of the date of this Agreement shall be counted for purposes of the Development Schedule. In addition, a Noodles & Company restaurant that is permanently closed after having been opened, other than as a result of noncompliance by you with the terms of the applicable Franchise Agreement or other agreement by and between the parties, shall be deemed open for a period of six (6) months after the last day it was open for business, provided that: (i) during such period of time, you continuously and diligently take such actions as may be required to develop and open a substitute Noodles & Company restaurant within the Development Area pursuant to a new Franchise Agreement therefore; and (ii) by the end of such period you have the substitute Noodles & Company restaurant open and operating in compliance with the Franchise Agreement thereof.

4. The development fee shall be \$_____ and has been determined by multiplying ten thousand dollars (\$10,000) by the total number of Franchise Agreements to be entered into pursuant to this Agreement for restaurants 2- _____, plus thirty-five thousand dollars (\$35,000) for the first restaurant.

[SIGNATURE PAGE TO FOLLOW]

EXHIBIT A
TO THE AREA DEVELOPMENT AGREEMENT

(continued)

FRANCHISOR

Noodles & Company,
A Delaware Corporation

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

AREA OPERATOR

**If a corporation, partnership, limited liability
company or other legal entity:**

(Name of corporation, partnership, limited
liability company or other legal entity)

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

If Individuals:

(Signature)

(Print Name)

(Signature)

(Print Name)

EXHIBIT A-1
MAP OF DEVELOPMENT AREA
(attach)

EXHIBIT B

**AREA OPERATOR INFORMATION
TO THE AREA DEVELOPMENT AGREEMENT BETWEEN
NOODLES & COMPANY AND**

DATED _____, _____

AREA OPERATOR INFORMATION

1. Operating Partner. The name and home address of the Operating Partner is as follows:

2. Form of Entity of Area Operator. (Complete the applicable paragraph below.)

(a) Corporation or Limited Liability Company. Area Operator was organized on _____, _____, under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its corporate or company name. The following is a list of all Area Operator's directors and officers or managing members as of _____, _____.

Name of Each Director/Officer/Managing Member

Position(s) Held

_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Area Operator is a [general] [limited] partnership formed on _____ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Area Operator's general partners as of _____.

Name of Each General Partner

EXHIBIT B
TO THE AREA DEVELOPMENT AGREEMENT
(continued)

3. Owners. Area Operator and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Area Operator, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Area Operator. Area Operator and each Owner as to his ownership interest, represents, and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Area Operator, free and clear of all liens, restrictions, agreements, and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address

Percentage and Nature of
Ownership Interest

Submitted by Area Operator on

Accepted by Franchisor and made a
part of the Area Development
Agreement as of

(Name of corporation or partnership)

NOODLES & COMPANY,
a Delaware corporation

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Owners:

(Signature)

(Print Name)

(Signature)

(Print Name)

EXHIBIT C
TO THE AREA DEVELOPMENT AGREEMENT

PRINCIPAL OWNERS' PERSONAL GUARANTY
OF AREA OPERATOR'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the NOODLES & COMPANY Area Development Agreement dated as of _____, _____ (the "Agreement") by and between NOODLES & COMPANY("Franchisor"), and _____ ("Area Operator"), each of the undersigned Principal Owners of a ten percent (10%) or greater interest in Area Operator hereby personally, unconditionally, and irrevocably, jointly and severally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Area Operator shall timely perform each and every undertaking, agreement, and covenant set forth in the Agreement (and any amendments), including the timely performance of all financial obligations, and that each and every representation of Area Operator made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by each and every provision in the Agreement (and any amendments). Notwithstanding the foregoing, the undersigned shall have no obligation under Section 6.02 or 6.03 of the Agreement after the second anniversary of the later of (a) the date the undersigned ceases to have an ownership interest in The Area Operator or (b) the date the undersigned ceases to render services to the Area Operator.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Area Operator or any other person as a condition of liability; (e) notice of any amendment to the Agreement; and (f) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Area Operator fails or refuses to do so timely; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Operator or any other person; and (iv) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Area Operator or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable until satisfied in full.

Except for claims by either party for payments owed by one party to the other and except for claims requesting injunctive relief, any controversy or claim arising out of or relating to this Agreement or the making, interpretation, or performance hereof, shall first be submitted to mediation. The parties shall agree on a single mediator within thirty (30) days after notice by the complaining party, and if no mediator is mutually agreed upon within such thirty (30) days, then the mediation shall be submitted by the complaining party to the American Arbitration Association's ("AAA's") regional office located closest to our principal place of business. The

mediation proceedings shall be conducted in the city where we then have our principal place of business.

Subject to the foregoing, you and your Owners irrevocably submit to the jurisdiction of the Federal Courts of the United States in the state in which our principal place of business is located (which is Colorado as of the date here of) and of the state courts of the city and county in which our principal place of business is located (which is as of the date hereof, the State of Colorado, City and County of Broomfield) in any suit, action, or proceeding, arising out of or relating to this Agreement or any other dispute between you and us. You irrevocably agree that all claims in respect of any such suit, action, or proceeding brought by you must be brought therein. You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action, or proceeding, and the defense of lack of personal jurisdiction.

You agree that service of process for purposes of any such suit, action, or proceeding arising out of this Agreement may be made by serving a person of suitable age and discretion (such as the person in charge of the office) at the notice address specified on the signature page of this Agreement.

You agree that any legal action in connection with this Agreement shall be tried to the court sitting without jury, and all parties hereto waive any right to have any action tried by jury.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP
INTERESTS IN AREA OPERATOR**

GUARANTOR(S)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

Subscribed and sworn to before me this ____ day of _____, _____

Notary Public

My Commission expires: _____

EXHIBIT D
TO THE AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(To be executed by all owners
and Operating Partners)

In conjunction with your investment in or provision of services to _____ ("Area Operator"), you ("Investor" or "you") acknowledge and agree as follows:

1. Area Operator owns and operates, or is developing, Noodles & Company restaurants pursuant to an Area Development Agreement, ("Area Development Agreement") with Noodles & Company, a copy of which is attached hereto. The Area Development Agreement requires persons with legal or beneficial ownership interests in Area Operator under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Area Development Agreement. You are entering into this Agreement to induce Noodles & Company to enter into the Area Development Agreement. All capitalized terms contained herein and not otherwise defined herein shall have the same meaning set forth in the Area Development Agreement.
2. You acknowledge and agree that your execution of this Agreement is a condition to Noodles & Company entering into the Area Development Agreement that you have received good and valuable consideration for executing this Agreement. Noodles & Company may enforce this Agreement directly against you and your Owners (as defined below).
3. If you are a corporation, partnership, limited liability company, or other entity, all persons who have a legal or beneficial interest in you, including your Director of Operations ("Owners") must also execute this Agreement.
4. You and your Owners, if any, may gain access to parts of Noodles & Company's Confidential Information as a result of investing in Area Operator. The Confidential Information is proprietary and includes Noodles & Company's trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and indefinitely thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic, or other form; and, will not distribute, disclose, or otherwise cause the distribution of any Noodles & Company Confidential Information. If you or your Owners cease to have an interest in Franchisee, you and your Owners, if any, must deliver to Noodles & Company any such Confidential Information in your or their possession.
5. During the term of the Development Agreement, you and your Owners shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:
 - (a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform,

directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) the United States.

6. For a continuous uninterrupted period commencing upon the expiration or termination of the Development Agreement and for two (2) years thereafter, you and your Owners, shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) any Designated Market Area (as defined by Nielsen Media Research) where a Noodles & Company Restaurant is located.

7. Notwithstanding the foregoing, you will have no obligation under Section 5 or Section 6 after the second anniversary of the later of (a) the date you cease to have an ownership interest in Franchisee or (b) the date you cease to render services to Franchisee.

8. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein, which restricts competitive

activity, is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited, and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. Noodles & Company may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You, and each of your Owners, acknowledge that any violation of Sections 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If Noodles & Company files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse Noodles & Company for all its costs and expenses, including reasonable attorneys' fees.

9. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Colorado, excluding its choice of laws rules. This Agreement shall be construed under the laws of the State of Colorado, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state. Otherwise, in the event of any conflict of law, Colorado law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under Colorado law, and if your Noodles & Company Restaurant is located outside of Colorado and such provision would be enforceable under the laws of the state in which your Noodles & Company Restaurant is located, then such provision shall be construed under the laws of that state.

10. You understand and acknowledge that Noodles & Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon written notice to you. You shall comply forthwith with any covenant as so modified, which shall be full enforceable notwithstanding the provisions hereof.

11. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction, the parties desire the court to reform the covenant to render the covenant enforceable, but only to the extent required to render the covenant enforceable, so that Noodles & Company may obtain the greatest possible level of protection from the misuse of Confidential Information, the diversion of customers, the solicitation of its employees and unfair competition; and in such event, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement on the day of _____, _____.

INVESTOR

If an Individual:

If a corporation, partnership, limited liability company or other legal entity:

Signature

Name of entity

Print Name

By: _____

Print Name: _____

Title: _____

OWNERS

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT



**NOODLES & COMPANY
FRANCHISE AGREEMENT**

Area Operator Name: _____

Date of Agreement: _____

Location: _____

**NOODLES & COMPANY
FRANCHISE AGREEMENT**

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EXHIBITS

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CONFIDENTIALITY AND NON-COMPETITION

EXHIBIT E - PROTECTED AREA EXHIBIT

NOODLES & COMPANY FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made as of this ____ day of _____, _____, between NOODLES & COMPANY ("Franchisor", "we", "us" or "Noodles & Company"), a Delaware corporation, with its principal place of business located at 520 Zang Street, Broomfield, CO 80021 and _____ ("Franchisee" or "Area Operator" or "you"), a(n) _____, whose principal address is: _____.

This Agreement is a legal document that grants a franchise to the Franchisee subject to certain terms and conditions. While the relationship under the law is that of Franchisor and Franchisee, we will also refer to you throughout this Agreement as the Area Operator because we think it better conveys the way we value you as an operator of Noodles & Company Restaurants.

1. INTRODUCTION.

1.01 Noodles & Company Restaurants. We own, operate and franchise Noodles & Company Restaurants (each, a "Restaurant"), specializing in noodle dishes, salads, sandwiches, soups, desserts, breads, beverages, beer, wine, and other menu items, and merchandise related to the Noodles & Company Restaurant concept, as we may authorize from time to time. We have developed and own a comprehensive system for developing and operating Noodles & Company Restaurants, including trademarks, trade dress, signage, building specifications, designs and layouts, equipment, ingredients, specifications and recipes for authorized food products, methods of inventory control, training programs and certain operational and business standards, policies and procedures, all of which we may improve, further develop or otherwise modify from time to time.

1.02 Your Acknowledgments.

(a) You acknowledge that you accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Noodles & Company Restaurant and thereby to protect and preserve the goodwill of the Marks.

(b) You acknowledge that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

The acknowledgements in clauses (c), (d), and (e) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

(c) You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Noodles & Company Restaurant may evolve and

change over time; that an investment in a Noodles & Company Restaurant involves business risks; and that your business abilities and efforts are vital to the success of the venture.

(d) You understand that the Restaurant industry is highly competitive, that market conditions evolve and change over time, and that an investment in a Noodles & Company franchise involves business risks.

(e) You further acknowledge that we have advised you to have this agreement reviewed and explained to you by an attorney and that you have reviewed this Agreement with your attorney or that you waive your right to do so.

1.03 Your Representations. You and your Principal Owners, jointly and severally if applicable, represent and warrant to us as an inducement to our entering into this Agreement that: (a) all statements you have made and all materials you have submitted to us in connection with your application to us are accurate and complete and that you have made no material misrepresentations or material omissions in obtaining the franchise; (b) neither you nor any of your Principal Owners has made any untrue statement of any material fact or has omitted to state any material fact in the written information you have submitted in obtaining the rights granted hereunder; (c) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder; and (d) the execution and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound. You recognize that we have executed this Agreement in reliance of all of the statements you and your Owners have made in writing in connection with this Agreement.

1.04 Certain Definitions. * The terms listed below have the meanings throughout this agreement and include the plural as well as the singular. He, his or him means she, hers or her, as applicable. Other terms are defined elsewhere in this Agreement in the context in which they arise.

"Affiliate" – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Alternative (Alternate) Approved Supplier" – Any supplier you or another Area Operator has proposed to supply Non-Proprietary Products and who we have approved to do so in accordance with the terms of this Agreement.

"Approved Supplier" – Any supplier we authorize to supply Non-Proprietary Products and other supplies and construction materials, as defined in Section 9.04.

"BDF" – Brand Development Fund as defined in Section 10.01.

"Competitive Business" – Any business that operates or franchises one or more restaurants: (1) whose sales of Specified Dishes (as defined below) collectively constitute more than 10% of restaurant operating revenues; (2) that are the same as, or substantially similar to, the Noodles & Company concept as it evolves or changes

over time; or (3) that operate in a fast casual or quick casual format. As used in this Agreement, "Specified Dishes" means noodle dishes, pasta dishes, Asian dishes, Italian or Mediterranean dishes and any other dishes that are the same or substantially similar to the dishes on the Noodles & Company menu ("Noodles & Company Dishes") as it may evolve or change over time. Restrictions in this Agreement on competitive activities do not apply to: (a) the ownership or operation of other Noodles & Company restaurants we or our Affiliates licenses; (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities; or (c) any restaurant concept whose per person average check during the preceding twelve (12) months was more than fifty percent (50%) higher or lower than Noodles & Company per person average check for the same period. Revenue of a restaurant, as used in this definition means the aggregate amount of all sales of food, beverages and other products sold in or by such restaurant, whether for cash or credit, but excluding all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, all coupons, promotions, discounts and refunds.

"Confidential Information" – Our proprietary and confidential information relating to the development and operation of Noodles & Company Restaurants, including: (1) ingredients, recipes and methods of preparation and presentation of authorized food products; (2) site selection criteria for Noodles & Company Restaurants and plans and specifications for the development of Noodles & Company Restaurants; (3) sales, marketing and advertising programs and techniques for Noodles & Company Restaurants; (4) identity of suppliers and knowledge of specifications, processes, procedures and equipment, contract terms, and pricing for authorized food products, materials, supplies and equipment; (5) knowledge of operating results and financial performance of Noodles & Company Restaurants, other than Noodles & Company Restaurants you own; (6) methods of inventory control, storage, product handling, training, food cost and management relating to Noodles & Company Restaurants; (7) computer systems and software programs used or useful in Noodles & Company Restaurants; (8) this Agreement and the terms hereof; and (9) any information that we provide you that is labeled proprietary or confidential.

"Commencement of Construction" – Means the first day on which any construction is begun on the Premises, including ground break if the Restaurant is being built by you, or demolition if you are converting an existing structure.

"Designated Supplier" – Any supplier whom we authorize to manufacture Proprietary Products.

"Development Area" – The development area defined in a Development Agreement between Noodles and Company and an Area Operator.

"Entity" – Business corporation, partnership, limited liability company or other legal entity.

"FMF" – Field Marketing Funds, as defined in Section 10.02.

"Grand Opening Marketing Program" – The marketing program required by Sections 3.05 and 10.03 for the purpose of marketing each new Restaurant you open.

"Immediate Family" – Spouse, parents, brothers, sisters and children, whether natural or adopted.

"Ingredients" – Noodles & Company proprietary sauces and other ingredients from which the distinctive Company products are made.

"Internet" – Means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

"Limited Access Highway" – Means that portion of a highway with oasis or service centers facilities for motorists and truckers. Includes highways with limited access from surface roads, often commonly referred to as freeways or Interstate Highways.

"MAF" – The Marketing Administration Fee as defined in Section 10.04.

"Marks" – The current and future trade names, trademarks, service marks and trade dress used to identify the services and/or products Noodles & Company Restaurants offer, including the mark "Noodles & Company" and the distinctive Noodles & Company Restaurants' building design and color scheme whether owned by Noodles & Company or one of its affiliates.

"Multi-Area Marketing Programs" – Means regional, national, or international programs designed to increase business including multi-area customer, national customer, commercial customer, Internet, event, yellow pages, directory, affinity, vendor, and co-branding programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to maximum pricing to the extent permitted by law. All such programs are our proprietary trade secrets.

"Net Royalty Sales" – The aggregate amount of all sales of food, beverages, wine and beer, and other products and merchandise sold and services rendered at the Premises or otherwise rendered in connection with your Noodles & Company Restaurant or your use of the Marks, including sales at or away from your Noodles & Company Restaurant, whether for cash or credit, and regardless of collection in the case of credit, but excluding: (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authority; and (2) all *bona fide*, documented (i) customer promotional discounts approved by us; (ii) refunds; (iii) voids, and (iv) employee meal discounts.

"Non-Traditional Venues" – As defined in Section 2.02.

"Noodles & Company Restaurants" – Restaurants that we or any of our Affiliates own or operate or franchise and that use the Marks and the System.

"Operating Partner" – The individual you designate in Exhibit A, and any replacement we approve.

"Operations Manual" – Our confidential operations manual, as amended from time to time, which may consist of one or more manuals in any combination of paper, video,

digital or other format, including any Noodles & Company operating system manual, management training manual and other training manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Noodles & Company Restaurants and other information relating to your obligations under this Agreement. The term "Operations Manual" also includes alternative or supplemental means of communicating such information by other media whenever such communications specifically reference that they are to be considered part of the Operations Manual, including bulletins, e-mails, videotapes, audio tapes, compact discs, computer diskettes, CD-ROMs, and websites.

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are an entity.

"Personnel" – All persons you employ to develop, manage or operate your Noodles & Company Restaurants, including persons in general and area management positions, assistant managers, shift supervisors, hourly associates and all other persons employed at your Noodles & Company Restaurants, including outside support, such as accountants, office staff, etc.

"Premises" – The location identified in Section 2.01.

"Principal Owner" – Each Owner that has a ten percent (10%) or greater interest in you, if you are an entity or an individual that owns ten percent (10%) or more of the interest in the FA.

"Proprietary Products" – As defined in Section 9.03.

"Protected Area" – The protected area identified in Section 2.02 and as depicted in the Protected Area Exhibit, Exhibit E, if applicable.

"Publicly Held Entity" – As defined in Section 14.07.

"Reporting Period" – As defined in Section 6.02.

"Royalty Fee" - Five percent (5.0%) of Net Royalty Sales.

"Sweep Period" – As defined in Section 6.02.

"System" – The business methods, designs and arrangements for developing and operating Noodles & Company Restaurants, including the Marks, building specifications, design and layouts, trade dress, signage, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, food safety procedures, training, methods of inventory control, vendor base, and certain operating and business standards, policies and procedures, all of which we may improve, further develop or otherwise modify from time to time.

"Then Current Franchise Agreement" – Means the Franchise Agreement being offered to and executed by new Franchisees as of the relevant date.

"Transfer" or "Transfer the Franchise" – Or similar words - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral

assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your Noodles & Company Restaurants including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or other ownership interest in, you or of any interest convertible to or exchangeable for capital stock of, or other ownership interest in, Area Operator; (2) any merger or consolidation between you and another entity, whether or not you are the surviving corporation; (3) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (4) any transfer upon your death or the death of any of your Principal Owners by will, declaration of or transfer in trust or under the laws of interstate succession; or (5) any foreclosure upon your Noodles & Company Restaurants or the transfer, surrender or loss by you of possession, control or management of your Noodles & Company Restaurants.

"Your Noodles & Company Restaurant" or "the Restaurant" – The Noodles & Company Restaurants you operate at the Premises. The plural includes all your Noodles & Company Restaurants.

* Any capitalized term not defined herein shall have the same meaning as that prescribed in the Franchise Agreement.

2. GRANT OF RIGHTS.

2.01 Grant of Franchise and Term. Subject to the terms of this Agreement, we grant to you the right, and you assume the obligation, to operate a Noodles & Company Restaurant at the location set forth on the front page of this Agreement (the "Premises") and to use the Marks and System solely in connection therewith, for a term of twenty (20) years, starting on the date of the opening of your Noodles & Company Restaurant (the "Term"). Immediately after the opening date, Noodles & Company may, at its discretion, deliver a Confirmation of Term Commencement Date in the form of Exhibit C hereto. You must conduct the business of your Noodles & Company Restaurant at the Premises for the duration of the Term. You may not conduct the business of your Noodles & Company Restaurant or use the System at any site other than the Premises, or relocate your Noodles & Company Restaurant, without our consent. For the duration of the Term, you have the obligation to relocate a closed Noodles & Company Restaurant at a mutually acceptable location, unless we determine otherwise at our discretion. In the event Noodles & Company develops and implements an approved catering program, you shall have the right to cater to businesses or other locations within the Protected Area if you follow all procedures and menu requirements, purchase all supplies, products and ingredients through Approved Suppliers and Designated Suppliers, and otherwise follow the Operations Manual as to catering.

2.02 Your Protected Area. During the Term, we will not operate (directly or through an Affiliate), nor grant to another person the right to operate, any Noodles & Company Restaurant located within the geographical area depicted on the attached Exhibit E, Protected Area Exhibit, as the "Protected Area," unless such Restaurant(s) was in operation, under lease or construction or other commitment to open prior to execution of this Agreement, which Restaurant(s) is expressly excluded from this clause.

You acknowledge, however, that certain locations within the Protected Area are by their nature unique and separate in character from the sites to which we intend to grant you a franchise; such sites are referred to as "Non-Traditional Venues." As a result, you agree that Non-Traditional Venues are excluded from the Protected Area and we shall have the right to develop (by direct ownership, franchising, licensing or other means) such locations even if such sites are located within the Protected Area and regardless of the proximity of such sites to any Noodles & Company Restaurant for which you have, or might have in the future, a franchise. Non-Traditional Venues include, for example: (i) transportation facilities, including airports, train stations, subways and rail, and bus stations; (ii) military bases and government offices; (iii) sports facilities, including stadiums and arenas; (iv) amusement parks, zoos, and convention centers; (v) car and truck rest stops, and travel centers and Limited Access Highway oasis and rest and service areas; (vi) casinos; (vii) food courts; (viii) Indian reservations; and (ix) museums.

2.03 Additional Reservation of Rights. Except for the rights specifically granted to you, we reserve all other rights, including, for example, the following rights:

(i) We reserve the right to manufacture and sell anywhere products that are the same or similar to products sold in Noodles & Company Restaurants using brand names that are similar to or the same as the Marks through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers, and gas stations.

(ii) We reserve the right to sell products and services through other channels of distribution including Internet, wholesale, mail order and catalog. The Internet is a channel of distribution reserved exclusively to us and you may not independently market on the Internet or conduct e-commerce except as we approve.

(iii) We reserve the right to operate and franchise and license others to operate other concept Restaurants.

(iv) We reserve the right to develop and/or own other franchise systems for the same or similar products and services using different trademarks than those licensed to you.

(v) We reserve the right to produce, license, manufacture, sell, distribute and market Noodles & Company brand named products, and products bearing other marks, including food and beverage products, clothing, souvenirs and novelty items through any channel of distribution, including, for example, grocery stores, supermarkets, convenience stores, caterers, and gas stations.

(vi) We reserve the right to purchase or be purchased by, or merge or combine with, competing businesses wherever located.

3. DEVELOPMENT OF YOUR NOODLES & COMPANY RESTAURANT. (See also Development Milestones Checklist attached hereto, which is a brief summary of the development process. In the event of a discrepancy or ambiguity, the text of the Agreement, and not the Development Milestones Checklist, shall control).

3.01 Site Investigation and Acceptance. You agree that our approval of the Premises and any information communicated to you regarding our site selection criteria for Noodles & Company Restaurants does not constitute a warranty or representation of any kind, express or

implied, as to the suitability of the Premises for a Noodles & Company Restaurant or for any other purpose. Our approval of the Premises merely signifies that we are willing to grant a franchise for a Noodles & Company Restaurant at that location; we make no representation to you of the site suitability. Your decision to develop and operate a Noodles & Company Restaurant at the Premises is based solely on your own independent investigation of the suitability of the Premises for a Noodles & Company Restaurant.

Area Operator shall submit to Noodles & Company such demographic and other information regarding the proposed site(s) and neighboring areas as we shall require on our Site Package. The Site Package shall be submitted in a format defined by Noodles & Company to allow submittal and presentation to the Real Estate Site Approval Committee. We will provide training to assist you in completing a typical Site Package for your first Restaurant. The Real Estate Site Approval Committee meets approximately every two weeks, and Area Operators are responsible for submitting their sites for approval at least 1 week prior to the meeting. Area Operators are required to attend meetings or participate via conference call. Noodles & Company shall evaluate the site request within forty-five (45) days of submission of a fully completed Site Package and any additional information we request.

In consideration of our approval of the Premises, you and your Owners release and hold harmless us, our Affiliate, officers, directors, employees and agents from any and all loss, damages and liability arising from or in connection with the selection and/or approval of the Premises for development as a Noodles & Company Restaurant, agree to timely pay the Franchise Fee, as hereinafter defined for such approved site, and agree not to locate such Noodles & Company Restaurant at any other location without completing the entire site selection process for said new site. You agree to execute this Franchise Agreement and pay the Franchise Fee within thirty (30) days of your signing the lease for the Premises, or when Construction is commenced, whichever first occurs.

3.02 Purchase or Lease of Premises. We have the right to approve and modify the terms of any lease, sublease or purchase contract for the Premises, and you agree to deliver a copy to us for our approval before you sign it. Beginning with the Lease for your third Restaurant, we may charge you for our Lease review at the rates listed in our then current Operations Manual. You agree that any lease or sublease for the Premises must, in form and substance satisfactory to us, include all of the provisions set forth in the Addendum to Lease Form, as modified from time to time and which is contained in the Operations Manual, shall be for an aggregate term of (at least) twenty (20) years in a combination of initial term and renewals, and shall include any other provisions as we may determine desirable from time to time. You may not execute a lease, sublease or purchase contract or any modification thereof without our approval. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms and we do not assume any liability or responsibility to you or to any third parties due to such approval. You must deliver a copy to us of the fully signed lease, sublease or purchase contract within five (5) days after its execution. If the lease terminates for any reason prior to expiration of this Agreement, Noodles & Company shall have the option to require you to locate and secure an alternative approved site within three (3) months, or such other time period as we mutually agree, of the termination or Noodles & Company may, at its option, terminate the Agreement as to such Restaurant. We also require that any lease in which you enter into for the Premises that you or an Affiliate owns, contain terms and conditions and payments that are commercially reasonable in our opinion.

You must promptly begin the permitting, licensing and approval process to ensure that construction commences within sixty (60) days of the date the lease or purchase of the premises is consummated. If permitting and licensing is anticipated to take longer than sixty (60) days, you must advise us in writing of the date on which you anticipate obtaining such permits and licenses and the reasons for the extended time period. Failure to comply with this provision is a material breach of the Agreement.

3.03 Development of the Premises.

(a) Space Plan/Signage Plan. We will provide the Area Operator with a space plan layout and exterior signage plan for the first three Restaurants developed by the Area Operator. Except in the case where you are an Affiliate of an existing area operator of Noodles & Company restaurants who has opened Noodles & Company restaurants prior to your opening Noodles & Company restaurants, during the preparation of the Space Plans and Signage Plans, Noodles & Company will provide the Area Operator, and their respective architect/designer, with design training and criteria so that the Area Operator will be prepared to complete the space plan and signage plan on all units after the first three (3) Restaurants. Noodles & Company will prepare the space plan and signage plan for additional units for the fee defined in the then current Operations Manual. All space plans and signage plans prepared by the Area Operator must be submitted to Noodles & Company for approval. Noodles & Company reserves the right to make any changes to the space plans or signage plans when submitted. Noodles & Company shall provide approval, or approval with changes, within fourteen (14) days of submittal of plans. All space plans and signage drawings must be submitted electronically in AutoCad V. 2004 software or later.

(b) Plans and Licensed Architect. Upon completion and approval of the space plan and signage plan for each Restaurant, the Area Operator shall be responsible for developing construction drawings and specifications by a licensed architect and engineer for building permit submittal. You shall submit to us your final plans, including all construction plans and specifications and design specifications, for our acceptance before starting to develop the Premises. All final plans must be prepared by a licensed architect. You acknowledge that the design and materials used in the construction of Noodles & Company Restaurants is important to us and you agree to adhere to our design and constructions specifications and to use the materials and suppliers we require. You are solely responsible for developing your Noodles & Company Restaurant, for all expenses associated with it and for compliance with the requirements of any applicable federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities. Our review and acceptance of your plans is not designed to assess compliance with federal, state or local laws, codes, and regulations, including the Americans with Disabilities Act, as compliance with such laws is your sole responsibility. All development and any signage must be in accordance with the plans and specifications we have approved and must comply with all applicable laws, ordinances and local laws, codes, and regulations. Within two (2) weeks of opening the Restaurant, you must submit all revised or "as built" plans and specifications.

(c) Construction. You must start construction of your Noodles & Company Restaurant (i) within sixty (60) days after you have leased, subleased or acquired the Premises or (ii) upon receipt of all necessary permits and licenses, provided such permits were promptly requested, whichever is later, unless we mutually agree otherwise. We reserve the right to require that you obtain our acceptance of your choice of general contractor. You must procure all applicable construction insurance in amounts and coverages in accordance with the Noodles

& Company Operations Manual. You must obtain lien waivers from your general contractor and all subcontractors who furnish any materials or services in the construction of your Noodles & Company Restaurant. You must complete construction of your Noodles & Company Restaurant within one hundred-twenty (120) days after the start of construction, unless we agree otherwise. You must open your Noodles & Company Restaurant within fourteen (14) days after the date construction is completed and all necessary approvals have been obtained. Time is of the essence in the construction and opening of your Noodles & Company Restaurants and failure to comply with all deadlines relating thereto is a material breach or default of this Agreement. Any extensions of time are subject to our approval, which we may withhold at our discretion.

The requirement to complete construction of your Noodles & Company Restaurant includes obtaining all required construction and occupancy licenses, permits and approvals, all beer and wine licenses, developing the Premises (including all outdoor features, patios, and landscaping of the Premises), installing all required fixtures, furnishings, equipment and signs, and doing all other things as may be required pursuant to this Agreement or by practical necessity to have your Noodles & Company Restaurant ready to open for business. You must notify us fourteen (14) days prior to opening, and we may, at our discretion and expense, conduct a pre-opening inspection of the Premises. Your Noodles & Company Restaurant may not be opened for business until we have notified you that your Noodles & Company Restaurant meets our training requirements for opening and as properly staffed and equipped to provide a positive Noodles & Company guest experience.

Notwithstanding anything to the contrary contained in this Section 3.03, you shall not be deemed to be in breach of this Section 3.03 if your failure to start construction, finish construction or open your Noodles & Company Restaurant as above provided results solely from significant and substantial weather delays, fires or other natural disasters not exceeding twenty (20) days in the aggregate for all such delays; any delay resulting from any of such causes shall extend performance, in whole or in part, only as we mutually agree upon, but in no event for an aggregate of more than twenty (20) days for all such occurrences.

(d) Construction Orientation and Visits During Construction. Noodles & Company will provide a construction orientation for the Area Operator and the selected general contractor for the first Restaurant developed by the Area operator. The orientation shall be conducted in a manner and location deemed appropriate by Noodles & Company, and shall review the construction standards and procedures commonly employed to construct a Noodles & Company Restaurant. The Area Operator may request additional construction orientations at a cost defined in the then current Operations Manual. The Area Operator must provide us with progress reports during construction in a format and timing that is acceptable to us. We have the right to visit and inspect, at our sole discretion, the site during the construction phase without assuming any liability or responsibility to you or to any third parties. Such inspections shall be solely for the purpose of assuring compliance with our standards and shall not be construed as any express or implied representation or warranty that your Noodles & Company Restaurant complies with any applicable laws, codes or regulations (including the Americans with Disabilities Act or any other federal, state, or local law or ordinance regulating standards for the access to, use of, or modifications of buildings for any persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects. Such visits shall be at our expense, except for visits made upon your request, which shall be at your expense. All prototype and modified plans and specifications for your Noodles & Company Restaurant remain our sole and exclusive property, and you may claim no interest therein.

(e) Equipment, Furniture, Fixtures and Signs. You agree to purchase or lease all required equipment, furnishings, fixtures and signs for your Noodles & Company Restaurant from Designated Suppliers and Approved Suppliers as applicable. You agree to purchase or lease only such types, brands and models of fixtures, furniture, equipment, signs and supplies that we approve for Noodles & Company Restaurants as meeting our standards and specifications, including standards and specifications for quality, design, warranties, appearance, function and performance. You may purchase or lease approved types, brands or models of fixtures, furniture, equipment, signs and supplies only from suppliers approved by us. From time to time, we may modify the list of approved types, brands, models and/or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier that is no longer approved. If you propose to purchase any fixtures, furniture, equipment, signs or supplies of a type, brand or model, or propose to purchase from a supplier, that we have not previously approved, you must notify us and submit to us such information as we may request and comply with Section 9.

3.04 Right to Open. You shall be permitted to open the Restaurant when all of the following conditions have been met:

(a) Compliance with Agreements. You are not in default under this Agreement or any agreement with Noodles & Company or any of its Affiliates, you are not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Noodles & Company Restaurant, you are not in default beyond the applicable cure period with any vendor or supplier to the Noodles & Company Restaurant, and, for the last six (6) months, you have not been in default beyond the applicable cure period under any agreement with Noodles & Company or its Affiliates.

(b) No Monetary Defaults. You are current on all monetary obligations due Noodles & Company.

(c) Architect Certification. Your registered architect has certified to Noodles & Company in writing that the Noodles & Company Restaurant was constructed substantially in accordance with the plans consented to by Noodles & Company.

(d) Lease. If the premises are leased, Noodles & Company has received a fully executed copy of the lease (that has been approved by Noodles & Company in writing).

(e) IT Support Services Agreement. You have entered into an IT Support Services Agreement with us.

(f) Certificates. You have obtained a certificate of occupancy and any other required health, safety or fire department certificates.

(g) Approval of the Restaurant and Staffing. Noodles & Company has determined that the Noodles & Company Restaurant has been constructed, equipped and staffed substantially in accordance with the requirements of this Agreement.

(h) Training. You have complied with the pre-opening training requirements set forth in this Agreement.

(i) Insurance Policies. Noodles & Company has been furnished with copies of all insurance policies required by Section 9.08 of this Agreement or such other evidence of insurance coverage and payment of premiums as Noodles & Company may request.

3.05 Grand Opening Marketing Program. You agree to conduct a grand opening advertising and promotional program for your Noodles & Company Restaurant in accordance with a Grand Opening Marketing Program approved in writing by us for the Restaurant. At least sixty (60) days prior to opening you must submit your grand opening promotional program to us for our prior written approval. As of the date hereof, our Grand Opening Marketing Program requires that you spend a minimum of \$15,000 for the first two (2) Restaurants in each discreet market and \$5,000 per Restaurant for each grand opening thereafter for a grand opening advertising and promotional program. These funds should be spent on a grand opening marketing plan developed by you and approved by us in writing. Amounts spent on food and beverages to be offered as part of the Grand Opening Marketing Program shall be determined based on your cost of such food and beverages. You must use the types of marketing and advertising programs specified in Section 10 of the Franchise Agreement and you must conduct your Grand Opening Marketing Program in accordance with the time frame set forth in the program. We will provide to you our guidelines for Grand Opening Marketing Programs for your use in designing your program and we will use such guidelines in evaluating the program you submit for acceptance.

3.06 Opening Assistance. If you (or any of your Affiliates) have not previously owned or managed a Noodles & Company Restaurant, we will provide you with such opening operational assistance as we deem appropriate to assist you in starting your operations, including on-site opening assistance for not more than five (5) days, as scheduled by us, to include up to three (3) persons at your Noodles & Company Restaurant for the first Restaurant you open (or 15 person day equivalents, at our discretion) and up to two (2) persons at your Noodles & Company Restaurant for not more than two (2) days, as scheduled by us, for the second Restaurant you open (or 4 person day equivalents, at our option). Should you request or Noodles & Company deem additional days of training support is necessary, you agree to pay for such training plus all associated costs, including fully-burdened salaries and expenses for days or hours of such training, travel and lodging costs, meals, etc., or the then current amount set forth in the then-current Operations Manual.

3.07 Restrictions on Debt. In connection with the development of the Development Area and operation of the Franchised Noodles & Company Restaurants, including payment to us of the development fee set forth in Exhibit A of the Area Development Agreement, the payment of franchise fees and the costs and expenses to be incurred pursuant to Franchise Agreements, you and each Owner represent, warrant, covenant and agree that neither you nor any Owner borrowed any funds or otherwise incurred any debt to obtain any funds for the payment of any such fees, costs and expenses, except as specifically permitted in this Section 3.07. You and each Owner shall not, without our prior written consent, which shall not be unreasonably withheld, directly or indirectly borrow any money or incur any debt or liability (other than lease obligations for each Restaurant's land and building and trade payables in the ordinary course of business) to develop the Development Area or to establish, operate and maintain Noodles & Company Restaurants, which may be established in the Development Area pursuant to this Agreement, except as provided in this Section 3.07. You may incur debt in connection with the development of Noodles & Company Restaurants hereunder, provided that (a) you will, in connection with the development of each such Restaurant, receive equity contributions from your Owners equal to not less than 25% of the total development cost of the Restaurant (which shall consist for this purpose of the cost of all leasehold improvements, furniture, fixtures and

equipment) and (b) from and after the first anniversary of the opening of your first Restaurant hereunder, at no time shall your total indebtedness outstanding at any time during any fiscal year exceed 4.0 times your earnings (determined in accordance with generally accepted accounting principles consistently applied) before interest, taxes, depreciation and amortization (EBITDA) minus any distributions to Owners for such fiscal year. You agree to provide within 90 days after the end of each fiscal year a statement certified by one of your executive officers setting forth the amount of your EBITDA and distributions to Owners (if any) for such year and your indebtedness at year end. Such debt shall have an initial amortization schedule of no more than ten (10) years from inception. You shall not extend, renew, refinance, modify or amend any debt or liability permitted by this Section 3.07 without our prior written consent, which consent shall not be unreasonably withheld.

Furthermore, any debt instrument must provide to us the following protections, and any others that we from time to time require, (i) Franchisor shall be provided notice of any default of any such debt instrument simultaneous with notice being provided to you and Owners; (ii) Franchisor shall have a right of first refusal to purchase any restaurant to be sold, disposed of, or otherwise transferred by the lender of such debt instrument; (iii) Franchisor shall have the right, but not the obligation, to cure your and Owner's default under such debt instruments; and (iv) Franchisor shall have the right to operate the restaurant(s) that is the subject of the debt instrument upon your or Owner's default of such instrument. In the event you default on your debt and we elect to pursue any of the foregoing protections available to us, your right to cure such default shall expire as of the date we pursue any such protections notwithstanding any longer cure period set forth elsewhere in any agreement between you and us. Additionally you shall be liable for the full amount we pay to cure your default plus interest at eighteen percent (18%) per annum, or the highest rate allowable by law, and all costs we incur, including legal fees and appraisal fees relating to the evaluation of and exercise of any such protections. Breach of this Section 3.07 is a material breach of this Agreement.

4. TRAINING AND GUIDANCE.

4.01 Our Training Programs. If you (or your Operating Partner) or any of your general managers have not completed the appropriate certified training programs as set forth in our then current Operations Manual, then prior to opening your Noodles & Company Restaurant, you and your Operating Partner and all such general managers must attend and successfully complete the appropriate Owner, Operating Partner and general manager certified training programs, as applicable, conducted at such time(s) and place(s) as we designate, including in our Company-owned Restaurants if we so elect. Thereafter, any person who replaces your Operating Partner or any general managers must successfully complete the appropriate certified training program before assuming the particular position. In lieu of attending the current training program, a general manager may be "certified" by Franchise Operations. We may require you and your Operating Partner and Restaurant management personnel to attend and successfully complete periodic or additional training programs. We may require you and your general managers to attend additional training, or other informational programs from time to time as we deem necessary for re-training, new product roll-outs, new equipment usage, etc. Except in the case where you are an Affiliate of an existing area operator of Noodles & Company restaurants who has opened Noodles & Company restaurants prior to your opening Noodles & Company restaurants, we will not charge any fees for attendance at any such training programs for your initial Area Operator training, Operating Partner training and the first two (2) general managers' training for the first two (2) Restaurants you open (for an aggregate total of four (4) general managers being trained). Subsequent or additional training shall be provided upon your request or based on our determination that such training is necessary or

desirable, at the cost set forth in our then current Operations Manual. You will be responsible for all compensation and expenses (including travel, meals and lodging and fully-burdened salaries and expenses for days or hours of such training) incurred by you and your Personnel in attending any training programs. You must immediately replace any individual who fails to successfully complete any training program. Our training programs are more fully described in the Noodles & Company Operations Manual. The scheduling, content and duration of our training programs are at our discretion and we reserve the right to modify such training, including the materials, equipment and support used.

Your Personnel must complete our approved training program for the positions in which they will be employed, as set forth in our Operations Manual and as amended or modified from time to time.

4.02 On-Going Guidance. We will furnish you periodic guidance with respect to the System, including improvements and changes to the System. Such guidance, at our discretion, will be furnished in the form of the Operations Manual, bulletins and other written materials, consultations by telephone or in person, or by any other means of communications. At your request, we may provide special assistance at your place of business for which you will be required to pay the per diem fees and charges we may establish from time to time.

4.03 Your Certified Training Programs. We may, from time to time, require you to implement, at your expense, programs for the training of all or some of your Personnel. Prior to training any of your Personnel, your training programs must be certified by us. We may require you to have a certified training Restaurant approved by us upon the opening of your third Restaurant. You will be required to obtain re-certification of your training programs from time to time, and we may withhold certification if we determine, in our sole discretion, that your training programs do not meet our high standards. You will be charged the fees for such certification in accordance with the fee schedule in our then current Operations Manual.

4.04 Certified Management Representation. You must have at least one member of management in each of your Noodles & Company Restaurants who has successfully completed the Noodles & Company certified management training program or certified by Franchise Operations.

4.05 Control by Noodles & Company. Notwithstanding anything to the contrary herein, both parties recognize and agree that Noodles & Company does not exercise any day to day control of the Premises, security at the Premises, food preparation, the hiring and firing of employees, or other forms of day-to-day control.

5. TRADEMARKS.

5.01 Ownership of the Marks. You acknowledge that Noodles & Company, and/or our Affiliate, as applicable, own the Marks. Your right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement. Your unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of our, and/or our Affiliate's, as applicable, rights to the Marks. This Agreement does not confer on you any goodwill or other interests in the Marks. Your use of the Marks and any goodwill established thereby inures to the exclusive benefit of us and/or our Affiliate, as applicable. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress we authorize you to use.

You may not, at any time during or after the Term, contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks.

5.02 Use of the Marks. You agree to use the Marks as the sole identification of your Noodles & Company Restaurant, provided you identify yourself as the independent owner thereof in the manner we prescribe. You agree to use only the Marks as we prescribe in connection with your Noodles & Company Restaurant and the sale of authorized food products, beverages and services. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including any Internet related use such as an electronic media identifier, for web sites, web pages or domain names) not expressly authorized by us in writing. You may not have a website that uses any Noodles & Company logos, Marks or the Noodles & Company name without our prior written consent, which we may withhold in our discretion.

5.03 Discontinuance of Use of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you agree to comply with our directions within fourteen (14) days after notice. Neither we nor our Affiliate shall have any liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

5.04 Notification of Infringements and Claims. You must notify us immediately of any apparent infringement of or challenge to your use of any Mark, or any claim by another person of any rights in any Mark. You may not communicate with any person, other than your legal counsel, us, and our applicable Affiliate and its legal counsel, in connection with any such infringement, challenge or claim. We, and our applicable Affiliate, will have sole discretion to take such action as we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of our or our applicable Affiliate's counsel, to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect our interests in the Marks.

5.05 Indemnification of Area Operator.

(a) We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement as to any claim that you have infringed any trademark registered by the United States Patent and Trademark Office and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided you have timely notified us of such claim and provided further that you and your Owners and Affiliates are in compliance with this Agreement and all other agreements entered into with us or any of our Affiliates. We, and our applicable Affiliate, at our respective sole discretion, are entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and, if we, or our applicable Affiliate, undertake to prosecute, defend and/or settle any such matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you. If we choose not to defend you and it is ultimately determined that you were entitled to a defense under this provision, we agree to pay reasonable legal fees at a maximum per hour rate at which your

insurance carrier or our insurance carrier (whichever is less) would pay for a similar claim under your or our applicable policy.

(b) We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of any claim made against you as a result of your having properly utilized the then current (i) point of sale marketing materials provided to you by Noodles & Company or those developed by Noodles & Company and (ii) the recipes and required ingredients ("Indemnified Claim"); however, under no circumstances does Indemnified Claim include any claim resulting from, based on, or related to, a food borne illness, foreign or other object in the food that was not prescribed in the recipe or intended to be in the dish; allergic reactions of any kind; verbal information provided to customers; slip and fall and such other personal injuries or accidents. We, and our applicable Affiliate, at our respective sole discretion, are entitled to prosecute, defend and/or settle any proceeding arising out such an Indemnified Claim, and, if we, or our applicable Affiliate, undertake to prosecute, defend and/or settle any such matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you. If we choose not to defend you and it is ultimately determined that you were entitled to a defense under this provision, we agree to pay reasonable legal fees at a maximum per hour rate at which your insurance carrier or our insurance carrier (whichever is less) would pay for a similar claim under your applicable policy.

(c) Further, we, and our applicable Affiliate, at our respective sole discretion, are entitled, but not obligated, to prosecute, defend and/or settle any proceeding arising out of any claim made against you, that, in our opinion, could have an adverse impact on the brand, system or other Noodles & Company Company-owned or Area Operator owned Restaurants. We, and our applicable Affiliate, have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you or to pay any settlement ourselves; however, we shall be entitled to settle and defend the claim. We will work with your insurance carrier to reach terms and provide a defense that is acceptable to your insurance carrier, if your insurance carrier has a right of acceptance, and we shall endeavor to do so provided doing so does not jeopardize the Company's rights and defenses or the brand, system or other Noodles & Company owned or Area Operator owned Restaurants.

(d) Notwithstanding anything to the contrary in this Agreement, in the event that Noodles & Company's insurance does not cover either the costs of defense or attorney's fees, or any portion of them, or damages, liability or settlement amounts, or any portion of them, associated with any Indemnified Claim or other claim for which Area Operator is otherwise entitled to indemnification, Noodles & Company is not obligated to indemnify Area Operator to the extent that Noodles & Company's insurance does not provide coverage. Furthermore, Noodles & Company's obligation to indemnify, defend or pay for damages of any claim for which Area Operator would otherwise be entitled to indemnification arises only if and to the extent that Area Operator's insurance coverage does not or would not (absent any right to indemnification by Noodles & Company) provide coverage for such claims. In the event that Area Operator has failed to obtain and keep in force all policies that it is obligated to carry under the terms of its agreements with Noodles & Company and one or more of such policies would or could have provided coverage for the claim, then Noodles & Company is not obligated to indemnify, defend or pay damages, settlements, or have any liability for such claim.

6. FEES.

6.01 Franchise Fee. You agree to pay us a nonrefundable franchise fee of \$35,000 ("Franchise Fee"). The Franchise Fee is payable upon execution of this Agreement or when

Construction is Commenced for the Premises for such Noodles & Company Restaurant, whichever first occurs. The Franchise Fee is non-refundable, in whole or in part, under any circumstances. The Franchise Fee for the first Restaurant developed by you (and the first \$10,000 of the Franchise Fee for each other Restaurant) is deemed paid so long as the Development Fee under the Development Agreement has been timely paid in full; accordingly, the balance of the \$25,000 for each Restaurant after the first one shall be paid upon execution of the Franchise Agreement, when Construction is Commenced or the date the franchised restaurant is required to be open under The Area Development Agreement, whichever first occurs.

6.02 Royalty Fees. You agree to pay us a continuing royalty fee in the amount of five percent (5.0%) of Net Royalty Sales (the "Royalty Fee") for each Reporting Period. A Reporting Period shall be defined as each one week period commencing on Wednesday and ending on Tuesday, or such other period as we shall determine from time to time. A Sweep Period shall be the period of time for which a Sweep of Area Operator's account has been made by Noodles & Company to obtain the Royalty Fee for Net Royalty Sales that have occurred, but for which a prior Sweep was not made.

6.03 Continuing Royalty Upon Default. Should this Agreement terminate due to a material breach or default by you, or should you fail to continuously operate your Noodles & Company Restaurant without our prior written approval to cease continuous operations, you shall pay to us for each Reporting Period remaining in the entire initial term of the Agreement a continuing royalty in an amount equal to the total Royalty Fees due from you for the preceding fifty-two (52) Reporting Periods divided by fifty-two (52). If your Noodles & Company Restaurant was open fewer than fifty-two (52) Reporting Periods, then the average of all Reporting Periods for which you were open shall be used.

6.04 Designated Account. Prior to the opening of your Noodles & Company Restaurant, and as a condition thereof, you shall establish a designated bank account from which we shall be authorized to withdraw in any manner which we prescribe, which may include account transfer or wire transfer, any amounts due to us or our Affiliate from you under this Agreement, including Royalty Fees and Marketing Funds, as hereinafter defined (such withdrawals shall be defined as a Sweep). We shall have the authority to Sweep the account at anytime; however, we agree not to Sweep the account more frequently than once each week so long as Area Operator is not in default of this Agreement or any other Agreement between Area Operator and Noodles & Company. We have the right to review your sales numbers on a daily basis. As early as the first business day, or any day we choose thereafter, following a Reporting Period, we shall calculate the Royalty Fee due for that Reporting Period and Sweep such amount and any other amounts due under this Agreement, including any advertising and marketing fees set forth under Section 10, directly from the designated account. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to maintain at all times sufficient funds in such designated bank accounts for such Sweeps and your failure to do so is a material breach of this Agreement. You agree to execute all forms necessary to permit Noodles & Company to accomplish all Sweeps in a timely and efficient manner. You agree not to terminate our right to withdraw funds from the designated account during The Term of this Agreement without our prior written consent.

6.05 Interest On Late Payments. All payments of the Royalty Fees, Marketing Funds and other payments due us from you shall be due and payable on the first day following the close of the Reporting Period ("Due Date"). Any payment or report not actually received by us

on or before Due Date shall be deemed overdue. If any payment is overdue, you shall pay to us, in addition to the overdue amount, interest on such amount from the date it was due until paid, at a rate which is the lesser of one-and-one-half percent (1 ½ %) per month or the maximum rate permitted by law. Entitlement to such interest shall be in addition to any other remedies we may have. Your failure to have sufficient funds available in the designated account in an amount equal to any amount then due or your failure to pay all amounts when due, constitutes grounds for termination of this Agreement, as provided in Section 15, and shall be a default of all other agreements by and between you and us and shall constitute grounds for termination of said agreements.

6.06 Application of Payments. We may apply any payments by you to any of your past due indebtedness for Royalty Fees, Marketing Fund contributions or any other indebtedness to us or any of our Affiliates, notwithstanding any designation by you. We may also apply said payments first to interest payments due. We may also collect any and all fees, payments or other amounts due from you by electronic withdrawal.

6.07 Letter of Credit. Noodles & Company may require Area Operator to provide a letter of credit from a national bank and on terms set forth in the Operations Manual equal to one hundred and fifty percent (150%) of all fees (including Royalty Fees, Marketing Funds, interest and other payments to us) anticipated to be due annually under all agreements between the parties in the event of any failure of Area Operator to timely pay all fees due. Area Operator shall supply said letter of credit within fifteen (15) days of our request. Failure to timely provide the letter of credit shall be a material breach and default of this Agreement.

7. RESTRICTIVE COVENANTS.

7.01 Confidential Information. We will disclose parts of our Confidential Information to you solely for your use in the operation of your Noodles & Company Restaurant. The Confidential Information is proprietary and includes our trade secrets. During the Term and indefinitely thereafter: (a) you and your Owners may not use the Confidential Information in any other business or capacity (you and your Owners acknowledge such use is an unfair method of competition); (b) you and your Owners must exert your best efforts to maintain the confidentiality of the Confidential Information; (c) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; (d) you and your Owners must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with your Owners, officers, directors and general managers, and you and your Owners must deliver such agreements to us; and (e) you and your Owners must not disclose or distribute the Confidential Information except as permitted by us in writing prior to such disclosure. You may only disclose such confidential information as we agree in writing it may be disclosed. At the end of the Term, you and your Owners must deliver to us all such Confidential Information in your possession. Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the Restaurant industry (other than through your own disclosure or the wrongful disclosure by someone else), provided you obtain our prior written consent to such disclosure or use. Prior to any training at Noodles & Company Central Support Office or at any Noodles & Company Restaurant, all your trainees must first execute the Confidentiality Agreement.

7.02 In-Term Covenants. During the Term, you shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf

of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) the United States.

7.03 Post-Term Covenants. For a continuous uninterrupted period commencing upon the expiration or termination of this Agreement and for two (2) years thereafter, you shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

- (1) the Protected Area;
- (2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;
- (3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or
- (4) any Designated Market Area (as defined by Nielsen Media Research) where a Noodles & Company Restaurant is located.

7.04 Independent Covenant. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction, the parties desire the court to reform the covenant to render the covenant enforceable, but only to the extent required to render the covenant enforceable, so that Noodles & Company may obtain the greatest possible level of protection from the misuse of Confidential

Information, the diversion of customers, the solicitation of its employees and unfair competition; and in such event, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately state in and made a part of this Agreement.

7.05 Reduction in Scope. You understand and acknowledge that Noodles & Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon written notice to you. You shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions hereof.

7.06 Offset/Counterclaim. You expressly agree that the existence of any claims you may have against Noodles & Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Noodles & Company of the covenants in this Section 7.

7.07 Injunctive Relief. You acknowledge and agree: (a) that any failure to comply with the covenants in this Agreement shall constitute a default hereunder; (b) that a violation of the requirements of this Agreement would result in irreparable injury to Noodles & Company for which no adequate remedy at law may be available; and (c) therefore, Noodles & Company shall be entitled, in addition to any other remedies which it may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirement of this Agreement, without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security.

7.08 Information Exchange. All recipes, processes, ideas, concepts, supplier relationships, methods and techniques used or useful to a restaurant, or other business offering restaurant products, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, in connection with the development or operation of your Noodles & Company Restaurants must be promptly disclosed to us. If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and deemed to be works made-for-hire for us. You hereby assign and further agree to sign whatever further assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

7.09 Confidentiality and Non-Compete Agreements. You agree to cause each of your Owners and Operating Partners to enter into and comply with the confidentiality and non-compete agreement referred to in Section 8.02 hereof.

8. YOUR ORGANIZATION AND MANAGEMENT.

8.01 Organization Documents. You must be a legal entity such as a business corporation, partnership, limited liability company or other legal entity formed for and used for the purpose of developing and holding franchises to operate Noodles & Company Restaurants. You and each of your Principal Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization and you are duly qualified to transact business in the state in which your Noodles & Company Restaurant is located; (b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; (c) true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements,

voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your and your entity's activities are restricted to those necessary solely for the development, ownership and operation of your Noodles & Company Restaurant in accordance with this Agreement and in accordance with any other agreements entered into with us or our Affiliate, as applicable; (e) the articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions; and (g) you will deliver to us a Secretary/Clerk's Certificate or other evidence satisfactory to us, that the execution, delivery and performance of this Agreement and all other agreements and ancillary documents contemplated hereby or thereby have been duly authorized by all necessary action by your corporation, partnership, limited liability company or other legal entity, as applicable. You may not change the form of your entity unless we mutually agree in writing that such a change is warranted. Neither you, your partners, shareholders, members of an LLC nor the entity formed to operate your Noodles & Company Restaurants may be, or become, during the term of this Agreement and any other agreements between us, including the Franchise Agreement, a Publicly Held Entity.

8.02 Disclosure of Ownership Interests. You and each of your Principal Owners represents, warrants and agrees that Exhibit A is current, complete and accurate and shall not be changed without our prior written consent. You agree that updated Exhibit A will be furnished promptly to us, so that Exhibit A (as so revised and signed by you) is at all times current, complete and accurate and shall not be changed without our prior written consent. Failure to promptly provide such revised Exhibit A, and to obtain our prior written consent prior to such changes, is a material breach of this Agreement. Each person who is or becomes a Principal Owner must execute an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as Exhibit B. Each person who is or becomes an Owner or an Operating Partner must execute an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in the Agreement, the current form of which is attached hereto as Exhibit D. Each Owner must be an individual acting in his individual capacity, unless we waive this requirement. The initial owners who execute this agreement as of its effective date shall at all times continue to own and have voting authority of at least 51% of the ownership and voting rights under this agreement.

8.03 Operating Partner/Management of Business. You must designate in Exhibit A as the "Operating Partner" an individual approved by us who must: (a) have completed our Operating Partner training program to our satisfaction; (b) be the senior management individual who is involved in day-to-day operations of your Noodles & Company Restaurant; (c) be the person with whom we communicate as to development, operations and Area Operator matters; (d) have the authority to bind you regarding all operational decisions regarding your Noodles & Company Restaurant; and (e) have primary residency in the Development Area continuously during the term of this Agreement (and if no Area Development Agreement is in effect between Noodles & Company and Area Operator or its affiliate, such Development Area shall be the development area under the last such Area Development Agreement that was in effect).

Your Operating Partner: (a) shall exert full-time and best efforts to the development and operation of your Noodles & Company Restaurant and all other Noodles & Company Restaurants you own; and (b) may not engage in any other business or activity, directly or

indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder. You agree to provide us with an executed copy of any arrangement, agreement or contract, and all amendments thereto, with your Operating Partner. We shall have no responsibility, liability or obligation to any party to any such arrangement, agreement or contract, or any amendments thereto, on account of our approval thereof or otherwise, and you agree to indemnify and hold us harmless with respect thereto. Your Noodles & Company Restaurant at all times must be managed by your Operating Partner or by an on-site general or assistant manager or a shift supervisor who has completed the appropriate training programs.

8.04 General Manager. The high-quality food and operation of the Noodles & Company Restaurant is the core element of our concept success. An essential element of operation is the selection, training and overall performance of our in-restaurant general managers. All general managers must complete, to our satisfaction, Noodles & Company's then-current Certified Training Program. Optimum restaurant performance requires specialized leadership in the form of a duly trained general manager. The general manager must dedicate 100% of his working time to the management of your Noodles & Company Restaurant. To ensure the integrity of our Restaurants, the general manager position must be a full-time position and may not be combined with an area or district manager or any other position.

8.05 Restaurant Organization. Your Noodles & Company Restaurant must be staffed by at least one general manager who has completed the then current management training program approved by us and appropriate numbers of assistant managers, shift supervisors, and other employees so that all shifts are staffed by at least one assistant manager or shift supervisor. You may not operate your Noodles & Company Restaurant without covering every shift with a suitably trained member of management or shift supervisor.

You (or your Operating Partner) at all times must remain active in overseeing the operations of your Noodles & Company Restaurant. If the relationship with your Operating Partner terminates, you must promptly hire a successor Operating Partner. Any successor Operating Partner must meet our approval and must successfully complete our training program at your sole cost and expense. You are solely responsible for all employment decisions with respect to your Personnel, including hiring, firing, compensation, training, supervision and discipline, regardless of whether you receive advice from us on any of these subjects.

9. NOODLES & COMPANY RESTAURANT OPERATING STANDARDS.

9.01 Condition of Your Noodles & Company Restaurant.

(a) You must constantly maintain and continuously operate your Noodles & Company Restaurant's condition and appearance so that it is attractive, clean and efficiently operated in accordance with the Operations Manual. You must maintain the interior and exterior of your Noodles & Company Restaurant and all fixtures, equipment, utensils, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and in the highest degree of cleanliness, orderliness, sanitation and repair in accordance with the requirements of the System and the Operations Manual and the lease or sublease for your Noodles & Company Restaurant (if applicable). You agree to make such modifications and additions to your Noodles & Company Restaurant's layout, decor, operations and general theme as we require from time to time, including replacement of worn-out or obsolete fixtures, equipment, furnishings, signs and utensils, repair of the interior and exterior and appurtenant parking areas and periodic

cleaning and redecorating (such as painting, new carpeting, new wall coverings and new fabrics for furniture).

(b) There is no limitation on the amount that you may be required to spend for repairs and maintenance in connection with your Noodles & Company Restaurant. Expenditures in connection with signage (including point of sale, exterior and interior signage) and equipment (including equipment needed to prepare new menu items) are considered a maintenance expenditure (whether for repair or replacement) rather than a remodeling expenditure.

(c) If, at any time, the general state of repair, appearance or cleanliness of your Noodles & Company Restaurant or the fixtures, equipment, utensils, furnishings, floor coverings, interior or exterior signage, the building interior or exterior, interior or exterior lighting, landscaping or the parking lot surface does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within fourteen (14) days after receiving such notice, you fail or refuse to initiate in good faith and with due diligence a *bona fide* program to complete such required maintenance, we have the right (in addition to our rights under Section 15), but not the obligation, to enter the Premises and do such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses and the cost of coordinating such repairs. Failure to maintain your Noodles & Company Restaurant's condition and appearance as required by this Agreement and the Operations Manual is a material breach and a default of this Agreement. If you are not permitted to make certain repairs because such repairs are reserved to the Landlord as common area maintenance, you shall use diligent efforts to cause the Landlord to make such repairs timely and in a workmanlike manner.

(d) In addition to required maintenance and upkeep, we have the right to require you to undertake structural changes, remodeling and renovations and other modifications to your Noodles & Company Restaurant to conform to the design, trade dress, color schemes and presentation of the Proprietary Marks and the image of the System that we are then requiring of new Noodles & Company Restaurants; provided, however, that, with the exception of signage and equipment (as provided in Section 9.01(b) above), we will not require such modifications more often than once every five (5) years during the Term and at any time that you renew or transfer the franchise. Capital expenses necessary for the repair and maintenance of your Noodles & Company Restaurant and modifications required by applicable law or required to abate a hazardous situation are not subject to the time limitations described in the preceding sentence.

(e) If your Noodles & Company Restaurant is damaged or destroyed by fire or other casualty, you must initiate within thirty (30) days (and diligently continue until completion, which shall be accomplished in no more than one hundred-twenty (120) days) all repairs or reconstruction to restore your Noodles & Company Restaurant to its original condition (and all remodeling performed or required to be performed to date), unless your landlord fails to rebuild the premises. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Noodles & Company Restaurant in accordance with the then-standard Noodles & Company Restaurant layout and decor specifications, we may require you to repair or reconstruct your Noodles & Company Restaurant in accordance with those specifications.

(f) You may not make any alterations to your Noodles & Company Restaurant that would be different than the original accepted plans, nor replace any fixtures, furnishings, equipment or signs (fixtures, furnishings and equipment are referred to as "FFE"), with FFE that

are not in accordance with our FFE standards and specifications (as specified in the Design Book) or that are not consistent with or that have caused variation in the accepted plans or the approved FFE, without our prior written approval. We have the right, at your expense, to rectify any replacements, relocations or alterations not previously approved by us in writing.

9.02 Consistent Brand Image. You agree that your Noodles & Company Restaurant will offer for sale food, beverages and other products, services and merchandise related to the Noodles & Company Restaurant concept that we determine from time to time to be appropriate for your Noodles & Company Restaurant. You further agree that your Noodles & Company Restaurant will not, without our approval, offer any products or services (including promotional items) not then authorized by us. Your Noodles & Company Restaurant may not be used for any purpose other than the operation of a Noodles & Company Restaurant in compliance with this Agreement. You agree not to permit the use of or location within your Noodles & Company Restaurant any vending machines, racks, electronic, non-electronic or gambling type games, or other items not specifically approved by us in writing prior to such use or location in the Restaurant. You agree that your Noodles & Company Restaurant will offer courteous and efficient service and a pleasant ambiance, consistent with your acknowledgements in Section 1.02 and consistent with the service and ambiance offered at Company-owned Noodles & Company Restaurants, including music requirements and other ambiance-related items.

You further agree to provide to us accurate information as to your volume usage as to any and all ingredients and products used and/or anticipated to be used in your Noodles & Company Restaurants and you authorize us to use and report such information as we deem appropriate in contract negotiations and maintenance and other purposes as we deem appropriate. You further agree that we have the right to enter into vendor contracts and relationships that benefit you and that bind you, all as we deem appropriate.

9.03 Proprietary Products. Noodles & Company may, from time to time throughout the Term hereof in its discretion, require that you purchase, use, offer and/or promote, and maintain in stock at the Premises in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary sauces, products, and other ingredients and raw materials, which are manufactured in accordance with our proprietary recipes, specifications and/or formulas and/or uniquely specified or sourced ("Proprietary Products"). You shall purchase Proprietary Products only from Designated Suppliers. We shall not be obligated to reveal such recipes, specifications and/or formulas of such Proprietary Products, or the terms and conditions of any supplier or other contracts, to you, non-designated suppliers, or any other third parties.

9.04 Non-Proprietary Ingredients & Products. We may designate other food products, condiments, beverages, fixtures, smallwares, furnishings, equipment, uniforms, supplies, services, menus, packaging, forms, paper products, software, modems and peripheral equipment and other products and equipment other than Proprietary Products that you must use and/or offer and sell at the Restaurant ("Non-Proprietary Products"). You may use, offer or sell only such Non-Proprietary Products that we have expressly authorized, and such products must be purchased or obtained from a producer, manufacturer, supplier or service provider that we have approved ("Approved Supplier") or an Alternative Approved Supplier that we have designated or approved pursuant to Section 9.04 (b) below.

(a) Each such Approved Supplier designated or approved by us must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure, and shall have demonstrated to our reasonable satisfaction: (i) its ability to supply a

Non-Proprietary Product meeting our specifications, which may include, without limitation, specifications as to brand name, contents, manner of preparation, ingredients, quality, freshness and compliance with governmental standards and regulations; and (ii) its reliability with respect to delivery and the consistent quality of its products and services.

(b) If you desire to procure authorized Non-Proprietary Products from a supplier other than one previously approved or designated by us, you shall deliver written notice to us of your desire to seek approval of such supplier, which notice shall: (i) identify the name and address of such supplier; (ii) contain such information as may be requested by us or required to be provided pursuant to the Operations Manual (which may include reasonable financial, operational and economic information regarding its business), and (iii) identify the authorized Non-Proprietary Products desired to be purchased from such supplier. We shall, upon your request, furnish specifications for such Non-Proprietary Products if such are not contained in the Operations Manual. We shall not be obligated to disclose the terms and conditions, including the pricing, to anyone as to Proprietary or Non-Proprietary Products. We may thereupon request that the proposed supplier furnish us at no cost to us product samples, specifications and such other information as we may require. We, or our representatives, including qualified third parties, shall also be permitted to inspect the proposed supplier's facilities and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for Noodles & Company Restaurants.

(c) We will use our good faith efforts to notify you of our decision within one hundred-twenty (120) days after our receipt of product samples from the proposed alternative supplier and all other requested information and will strive to complete our review within sixty (60) days. Nothing in this article shall require us to approve any supplier and, without limiting our right to approve or disapprove a supplier in our sole discretion, you acknowledge that it is generally disadvantageous to the system from a cost and service basis to have more than one supplier in any given market area and that among the other factors we may consider in deciding whether to approve a proposed supplier, it may consider the effect that such approval may have on the ability of us and other Area Operators to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide. We may also determine that certain Non-Proprietary Products (e.g. beverages) shall be limited to a designated brand or brands set by us. We may revoke our approval upon the supplier's failure to continue to meet any of our criteria. If we approve the supplier, such supplier shall be designated an "Alternative Approved Supplier" for purposes of this Agreement.

(d) As a further condition of its approval, we may require a supplier to agree in writing: (i) to provide, from time to time upon our request, free samples of any Non-Proprietary Product it intends to supply to you; (ii) to faithfully comply with our specifications for applicable Non-Proprietary Products sold by it; (iii) to sell any Non-Proprietary Product bearing our Marks only to our franchisees and only pursuant to a trademark license agreement in form prescribed by us; (iv) to provide to us duplicate purchase invoices for our records and inspection purposes; (v) to make the products available to all of our company and franchised Restaurants; and (vi) to otherwise comply with our reasonable requests.

(e) You or the proposed distributor or supplier shall pay to us in advance all of our reasonably anticipated costs in reviewing the application of the Alternate Approved Supplier and all current and future reasonable costs and expenses, including travel and lodging costs, related to inspecting, re-inspecting and auditing the Alternate Approved Suppliers' facilities, equipment and food products, and all product testing costs paid by us to third parties.

9.05 Test Marketing. We may, from time to time, authorize you to test market products and/or services in connection with the operation of the Restaurant. You shall cooperate with us in connection with the conduct of such test marketing programs and shall comply with our procedures established from time to time in connection herewith as set forth in the then-current Operations Manual.

9.06 Specifications and Standards. You acknowledge that each and every aspect of the interior and exterior appearance, layout, decor, services and operation of your Noodles & Company Restaurant is important to us and is subject to our specifications and standards. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Operations Manual, the Design Book, the Weekly Roundup or any other written communication), relating to the appearance, function, cleanliness or operation of a Noodles & Company Restaurant, including: (a) type, quality, taste, weight, dimensions, ingredients, uniformity, and manner of preparation, packaging and sale of food products and beverages; (b) sale procedures and customer service; (c) advertising and promotional programs; (d) qualifications, appearance and dress of employees; (e) safety, maintenance, appearance, cleanliness, sanitation, standards of service and operation of your Noodles & Company Restaurant; (f) days and hours of operation; (g) bookkeeping, accounting and record keeping systems and forms; (h) type, quality, and appearance of paper products, small wares, and equipment; (i) training systems for both management and hourly staff members; and (j) information technology software and hardware, information technology (“IT”) training, support services and processes. You are prohibited from selling any products that are not on the approved Noodles & Company menu and you are required to serve the entire approved Noodles & Company menu unless we approve in writing of an alternative menu for the Premises. Failure to comply with this Section 9.06 is a material breach and default of this Agreement.

9.07 Compliance With Laws. You must maintain in force in your name all required licenses, permits and certificates relating to the operation of your Noodles & Company Restaurant. You must operate your Noodles & Company Restaurant in full compliance with all applicable laws, ordinances and regulations, including regulations relating to the sale of beer and wine. You must notify us in writing immediately upon: (a) the commencement of any legal or administrative action, or the issuance of an order of any court, agency or other governmental instrumentality, which may adversely affect the development, occupancy or operation of your Noodles & Company Restaurant or your financial condition; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation, including those relating to health, or sanitation, or liquor license violations at your Noodles & Company Restaurant.

All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising and is subject to our prior written approval. In all dealings with us, as well as your customers, suppliers, lessors and the public, you must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other Noodles & Company Restaurants or to the goodwill associated with the Marks.

9.08 Insurance. You must maintain in force such insurance policies as we require from time to time as set forth in the Operations Manual and you shall provide insurance certificates to us within ten (10) days of executing the Franchise Agreement and annually at least ten (10) days to expiration of each policy. Such policies shall (a) name us and our Affiliates as additional insureds and loss payees; (b) provide for thirty (30) days' prior written notice to us of

any material modification, cancellation, non-renewal or expiration of such policy; and (c) include such other provisions as we may require from time to time.

Prior to opening each Noodles & Company Restaurant, and annually thereafter, you must furnish us with such evidence of insurance coverage and payment of premiums as we require. If you fail or refuse to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, we, at our option and in addition to our other rights and remedies hereunder, may obtain such insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain such insurance policies and pay us any costs and premiums we incur.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 18.02.

9.09 Quality Control. We may, in our sole discretion, establish "quality control" programs, such as a "mystery diner" program, other consumer experience evaluation programs, "customer intercept" programs and employee experience surveys, intercepts, and evaluations, to ensure the highest quality of service and food products in all Noodles & Company Restaurants. You shall participate in any such quality control programs, including those we add or modify from time to time, and bear your proportionate share (or if we provide the program and pay the costs thereof of your pro-rata share), as determined by us in our sole discretion, of the costs of any such program. We shall have access to any data resulting from such programs implemented at your Noodles & Company Restaurants.

To further ensure quality and safety standards, you shall also participate in our then-current food safety audit program and have food safety audits conducted at your Noodles & Company Restaurants at least once every six (6) months at your sole cost. In the event the results of any such audit are not satisfactory to Noodles & Company, as determined in our sole discretion, you may be required, at your own cost, to have your Restaurant re-audited upon notice by us. You shall, at our request, participate in an alcoholic beverage server training program approved by Noodles & Company in its sole discretion. Failure to meet these obligations in a timely manner is a material breach of this Agreement and a material default hereunder.

9.10 Crisis Management. To further ensure quality, food safety, overall customer experience, and brand integrity, you must advise us immediately of any crisis so that we may assist you in handling the after effects of such matter, or if we mutually agree or we deem it necessary, we may take the lead in managing the after effects of such matter. The following circumstances should be reported immediately: (i) alleged food borne illness of one (1) or more persons in any one day in the same Restaurant; (ii) fire or other building casualty for which customers are evacuated; (iii) robbery; (iv) any violence at the Restaurant; (v) data breach or cybersecurity incident; or (vi) any other circumstances that have the potential to result in any significant adverse publicity or impact on the Restaurants or brand.

9.11 Rebates. We have the right to receive rebates, allowances or similar payments from suppliers as a result of your purchases. Rebates attributable by us or the applicable vendor/supplier to Marketing shall be paid into the Brand Development Fund at our election. We will provide rebates attributable by us or the applicable vendor/supplier as a cost of goods rebates to you, prorata, based on your usage or using such other method of allocating the rebates as we deem appropriate. If we rely upon manufacturer volume or usage reports, those reports may be considered conclusive by us.

10. MARKETING, PUBLIC RELATIONS AND ADVERTISING. This Section 10 describes the initial marketing, public relations and advertising programs; however, we reserve the right to modify this program and the manner in which the marketing and advertising funds are used for such purposes from time to time, in whole or in part, as we deem necessary. All marketing, public relations and advertising funds discussed below are collectively referred to as Marketing Funds.

10.01 Brand Development Fund ("BDF"). We may, in our sole discretion, establish and administer a Brand Development Fund ("BDF") for the creation and development of creative materials and programs to increase brand awareness, marketing, advertising and related programs and materials, including electronic, print, radio, television and outdoor media as well as the planning and purchasing of national and/or regional media, including electronic, print, radio, television and outdoor advertising or other media vehicles ("Marketing"). At our discretion, the BDF may also pay for consumer research and the production and deployment of marketing materials. We reserve the right to have our Affiliate or a related entity manage this fund. If not covered by BDF, each Restaurant, whether Area Operator owned or Company owned, shall be responsible for its pro rata share (or, if applicable, on a use basis), on a per Restaurant basis, of the actual production costs and fees (such as print ad fees) of the Marketing materials, which can be paid by dollars contributed to FMF. We reserve the right to charge a percent of Net Royalty Sales BDF Fee upon notice to you. You must contribute to the BDF amounts that we establish from time to time, payable on the first business day following the immediately preceding Reporting Period, together with the Royalty Fees due hereunder. At our discretion, we may Sweep the designated account referred to in Section 6.04 hereof to obtain the BDF contributions. Noodles & Company Restaurants owned by us and our Affiliates shall contribute to the BDF on the same basis as the then-current rate for franchisees.

As discussed in Section 9.11 of this Agreement, at our election, supplier rebates attributable to Marketing shall be paid into the BDF and used by us, in our sole discretion, for any purpose permitted by the BDF. Currently, we are not collecting the rebates; however, we reserve the right to do so at any time.

The BDF will be accounted for separately from our other funds. All disbursements from the BDF shall be made first from income and then from contributions. While our intent is to balance the BDF on an annual basis, from time to time the BDF may run at either a surplus or deficit. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Noodles & Company owned and franchised Restaurants to the BDF in that year, and the BDF may borrow from us or other lenders to cover deficits in the BDF and we may cause the BDF to invest any surplus for future use by the BDF. We will prepare annually an unaudited statement of monies collected and costs incurred by the BDF and furnish a copy to you upon your written request. Except as otherwise expressly provided in this Section 10.01, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the BDF. We do not act as trustee or in any other fiduciary capacity with respect to the BDF.

Although the BDF is intended to maximize general recognition and patronage of the brand and the Marks for the benefit of all Noodles & Company Restaurants, we cannot assure you that any particular Noodles & Company Restaurant will benefit directly or pro-rata from the placement of advertising. Additionally, we reserve the right to define, at any time, the measurement terms for any media coverage. The BDF may be used to pay for the cost of preparing and producing creative materials and programs we select, including video, audio,

electronic and printed advertising materials, media planning and buying services, and for the cost of employing advertising agencies and supporting market research activities. We may furnish you with marketing, advertising and promotional materials at cost, plus any related administrative, shipping, handling and storage charges.

We may, as we deem appropriate, seek the advice of owners of Noodles & Company Restaurants by formal or informal means with respect to the creative concepts and media used for programs financed by the BDF.

10.02 Field Marketing Funds ("FMF"). You agree to spend for local advertising and promotion of your Noodles & Company Restaurant such amounts as we establish from time to time, currently not less than one percent (1.0%) of Net Royalty Sales during any Reporting Period (these amounts must be spent within the twelve (12) month calendar year in the year in which the Reporting Period occurs). These amounts spent on mutually agreed upon local advertising and promotion will be designated as Field Marketing Funds ("FMF"). You shall furnish us with annual marketing, advertising and public relations plans sixty (60) days prior to your first grand opening and by December 1st of the previous year for each year thereafter. You shall pay directly the vendors or partners in the marketing program as the program is implemented and may be required periodically to provide documentation regarding all such payments to Noodles & Company. If you do not spend the required FMF, we may collect the funds from you and spend them on your behalf for Field Marketing. We shall provide you with not less than thirty (30) days prior notice of any change in the FMF amount you must spend. For these purposes, advertising expenditures include: (a) amounts contributed to advertising cooperatives; (b) amounts spent by you for advertising media, such as electronic, print, radio, television and outdoor, banners, posters, direct mail, grassroots premiums, event invites, and, if not provided by us at our cost, the cost of producing approved materials necessary to participate in these media; and (c) coupons and special (or promotional) offers pre-approved by us. Advertising expenditures do not include amounts spent for items, in our reasonable judgment, deemed inappropriate for meeting the minimum advertising requirement, including permanent on-premises signage, menu boards, menus, occasion signage, advertising, lighting, personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), and employee incentive programs.

10.03 Grand Opening Marketing Program. You must develop and implement a grand opening marketing plan as described in Section 3.05 of this Agreement.

10.04 Marketing Administration Fee. ("MAF"). In addition to the advertising and promotional expenditures and/or contributions required by Sections 10.01 and 10.02 hereof, you shall contribute a Marketing Administration Fee ("MAF"), currently one and a quarter percent (1.25%) of Net Royalty Sales, payable on the first (1st) business day following the immediately preceding Reporting Period, together with the Royalty Fees due hereunder. At our discretion, we may Sweep the designated account referred to in Section 6.04 hereof to obtain the MAF contributions. The MAF shall be our exclusive property and shall be used by us to cover costs of, among other things, employing advertising/public relations agencies, supporting and conducting market research activities, concept development (food and customer experience, project development and testing), design development (design, Restaurant prototype and testing), and maintenance, administration and direction of the foregoing activities. We do not separately account for the MAF or the expenditures there from.

10.05 Marketing Cooperatives. We have the right, at our sole discretion, to establish or approve local and/or regional marketing cooperatives and/or national cooperatives for Noodles

& Company Restaurants in your local or regional or national areas, covering such geographical areas as we may designate from time to time ("Cooperative"). You must participate in any such cooperative and its programs and abide by its by-laws. If your Noodles & Company Restaurant is within the territory of an existing Cooperative at the time your Noodles & Company Restaurant opens for business, you agree to immediately become a member of the Cooperative. If a Cooperative applicable to your Noodles & Company Restaurant is established during the term of this Agreement, you agree to become a member no later than thirty (30) days after the date approved by us for the Cooperative to commence operation. The following provisions shall apply to each Cooperative:

(a) each Cooperative shall utilize a voting system of one (1) vote per one (1) eligible Noodles & Company Restaurant (an eligible Restaurant shall be one that is open and operating at the time of the vote);

(b) each Cooperative shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by us in writing; no changes in the by-laws or other governing documents of a Cooperative shall be made without our prior written consent;

(c) each Cooperative shall be organized for the exclusive purpose of administering marketing programs and developing, subject to our approval, promotional materials for use by the members in the Cooperative;

(d) no marketing or promotional plans or materials may be used by a Cooperative or furnished to its members without prior approval by us pursuant to Section 10.05(f) below;

(e) you and each other member of the Cooperative shall contribute to the Cooperative, using a collection structure selected and established by us, the amount determined in accordance with the Cooperative's by-laws. Any Noodles & Company Company-owned Restaurant located in such designated local or regional (or national if applicable) area(s) will contribute to the Cooperative on the same basis. Contributions to such local and/or regional or national marketing cooperatives are applied towards the marketing expenditures required by Section 10.02; however, if we provide you and your Cooperative thirty (30) days' notice of a special promotion, including any regional promotions, you must participate in such promotion and pay to us any special promotion marketing fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such special promotion is concluded. Any such special promotion marketing fees shall be in addition to, and not applied towards, the aggregate maximum marketing expenditure required by Section 10.01 and 10.02;

(f) all marketing and promotion by you and the Cooperatives shall be approved by us in writing prior to implementation, shall be conducted in a manner that supports the brand, and shall conform to such standards and requirements as we may specify. You or the Cooperative shall submit written samples of all proposed marketing and promotional plans and materials to us for our approval (except with respect to prices to be charged) at least thirty (30) days before their intended use, unless such plans and materials were prepared by us or have been approved by us within the previous six (6) months. Proposed marketing plans or materials shall be deemed to have been approved if they have not been disapproved by us within fifteen (15) days after their receipt by us;

(g) at our request, you shall furnish us with copies of such information and documentation evidencing your Cooperative contributions as we may require in order to evidence your compliance with Section 10.02 and 10.05;

(h) the Cooperative may elect to spend marketing dollars in excess of the amount Noodles & Company establishes. Such incremental excess shall not diminish the aggregate maximum we may charge for marketing;

(i) Noodles & Company may, at its election, provide accounting services for any such cooperatives at market rates or it may select a third-party accounting firm to supply this service. The cooperative shall pay the costs of such accounting upon invoice for the same.

10.06 Price Point Promotions, Product Launches, Special Promotions and Multi-Area Marketing Programs.

(a) In addition to the marketing funds and other marketing requirements, Area Operator shall participate in price point promotions, special promotions, Multi-Area Marketing Programs and product launches we establish from time to time at Area Operator's expense, provided such promotions do not violate applicable law. Area Operator is required to obtain our prior written approval prior to implementing such a program we have not mandated or provided.

(b) You shall fully participate in all programs, public relations campaigns, prize contests, special offers, and other programs (including stored value cards, gift certificates and other similar programs), national, regional, or local in nature (including the introduction of new products, new franchises or other marketing programs directed or approved by us) which are prescribed from time to time by us. You shall be responsible for the costs of such participation. To the extent permitted by law, you will comply with any minimum or maximum price restrictions, including the use of coupons, which we may promulgate from time to time.

(c) We may also require you to join and participate in Multi-Area Marketing Programs, and may specify maximum resale prices to the extent permitted by law. We may designate the coverage area, method and timing of payment, and any outside agencies.

10.07 Prior Approval of Marketing Materials and Use of Noodles & Company Provided Materials. You must submit to us for our written approval (which may be withheld in our sole discretion), no later than thirty (30) days prior to your planned implementation, all marketing plans, written materials and samples of all marketing, public relations and promotional materials not prepared or previously approved by us and which vary from our standard marketing, public relations and promotional materials. If you elect to work with a marketing agency, you must obtain our written approval of such agency, which approval we may in our sole discretion withhold, before you sign any contracts or share any Confidential Information with the agency. You may not use any marketing, public relations or promotional materials that we have not approved. You may not use any marketing, public relations or promotional materials involving the sale or service of alcohol without our prior written consent, which may be withheld in our sole discretion.

You further agree to use in your marketing efforts the marketing materials available from Noodles & Company, which shall be made available to you at your expense, in the manner and frequency we require. Failure to meet the requirements of any provision of Section 10 is a material breach of this Agreement.

10.08 Social Media. You agree not to promote, offer or sell any products or services relating to your Noodles & Company Restaurant through, or use any of the Marks on, the Internet, social media, social networks or other future technological avenues (collectively, "Social Media") without our prior written consent, which we may withhold for any or no reason. You must, at all times, comply with our Social Media policy, as modified periodically. You expressly acknowledge and agree that your use of any Social Media relating to your Noodles & Company Restaurant is subject to our prior written approval. You may not establish an independent site or page on any Social Media without our prior written consent. If we authorize you to have and/or design a site or a page on any Social Media for your Noodles & Company Restaurant, your site and page may only be accessed from our site or page, and we may prohibit links between your site or page and any other site. You acknowledge that any use of Social Media by you with respect to your Noodles & Company Restaurant constitutes advertising and promotion subject to this Section 10, and you agree to comply with any additional policies and standards we issue from time to time with respect to Social Media. You acknowledge that any copyright in your sites or pages on any Social Media will be deemed to be owned by us, and you agree to sign any documents that we reasonably deem necessary to affirm our ownership of the copyright. If necessary, you must ensure cooperation with us by any web site service provider or web site hosting company with which you do business. You represent that you have or will have the lawful right to use any proprietary materials of others that appear on your sites or pages on Social Media. We periodically may provide to you content for your sites and pages on Social Media, including copy, news stories and photographs. We must consent to any changes to your sites and pages on Social Media. You further agree to assign to us any domain names you obtain that we, in our sole discretion, request that you transfer to us that you used in connection with the Noodles & Company concept, and you further agree to assign any and all domain names used by you in the operation and promotion of your Noodles & Company Restaurant at such time as this Agreement is terminated.

10.09 Public and Media Relations. You agree that you will not issue any press or other media releases or other communication without our prior mutual agreement. As an FAO, you agree to only participate in (internal and external) communications activities that create good will, enhance public image and build the Noodles & Company brand.

10.10 Maximum Aggregate Fund Expenses. Without any vote and in our sole discretion, we reserve the right to change the requirement for BDF contributions (as well as the requirement for FMF and the MAF contributions) up to an aggregate maximum of five and one-half percent (5.5%) allocated amongst the funds as we determine is best for the Noodles & Company System. Notwithstanding the above, we also reserve the right to change the aggregate maximum for BDF contributions (as well as the requirement for FMF and the MAF contributions) without regard to the limitation set forth in the preceding sentence, in the future by gaining an approval vote by sixty-six percent (66%) of all then-existing Company-owned and franchised Noodles & Company Restaurants. Voting will be accomplished through a system of one (1) vote per eligible Noodles & Company Restaurant. Cooperatives may choose to exceed the minimums established by the Company in accordance with their bylaws.

11. RECORDS AND REPORTS.

11.01 Records. You agree to prepare and to maintain for three (3) years complete and accurate books, records (including invoices and records relating to your marketing expenditures) and accounts (using our then current standard chart of accounts) for your Noodles & Company Restaurant, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to your Noodles & Company Restaurant. You

further agree to prepare financial statements required in Section 11.03 in the form and presentation specified by us. All such books and records shall be kept at your principal address indicated on the first page of this Agreement, unless we otherwise approve.

11.02 Technology Requirements for Reporting Data. You must record all sales on computer-based cash registers which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system to provide us with continuous transaction level point of sale data. You agree to purchase or lease, at your expense, such computer hardware and software, required dedicated telephone and power lines, DSL or better transmission lines, modems, printers, and other computer related accessories and peripheral equipment as we may specify, for the purpose of, among other functions, recording financial and customer data and communicating with us. We may require you to use proprietary software and any other computer systems, which we may prescribe from time to time, and you agree to execute such agreements as we may require in connection therewith. We may prescribe a specific point of sale or other computer hardware and software, which you agree to purchase.

You must provide such assistance as may be required to connect your computer system with our computer system and point of sale system. We shall have the right to retrieve transaction level data through point of sale electronic reporting as well as time of order to time of delivery data and such other information from your computer system as we deem necessary or desirable, and you agree to fully cooperate with such efforts. You will be required to provide us with all of the data Company-owned Restaurants provide to us in a format readily usable by us. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, you agree that you will comply strictly with our standards and specifications for all items associated with your computer systems.

To ensure full operational efficiency and optimum communication capability among computer systems installed by Noodles & Company Restaurants, you agree, at your expense, to keep your computer systems in good maintenance and repair, and to promptly install such additions, changes, modifications, substitutions or replacements to hardware, software, telephone and power lines, and other computer-related facilities, as we direct. In the event we approve your use of a website, you agree to ensure that the website is compatible with our website(s) and capable of any linkages we may require.

You agree to purchase from us such IT training and support services as we may require from time to time, pursuant to our IT Support Services Agreement as in effect from time to time.

11.03 Periodic Reports. You must furnish us: (a) no later than the first (1st) business day immediately following the end of the applicable Reporting Period, a report of Net Royalty Sales for the preceding Reporting Period; (b) within ninety (90) days after the end of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of your Noodles & Company Restaurant for such year, reflecting all year-end adjustments and accruals; (c) on the 25th day of each month or other fiscal period, Income Statement and Balance Sheet for the prior month or other fiscal period; and (d) within thirty (30) days of our request, such other information as we may require from time to time, including sales mix data, food and labor cost reports and sales and income tax statements. All such reports shall use our then-current standard chart of accounts. You must verify that the information in each such report and financial statement is complete and accurate and sign it. We reserve the right to require that your annual financial statements be audited, at your expense, by an independent certified public accountant approved by us. We reserve the right to publish or disclose information that we

obtain under this section in any data compilations, collections, or aggregations that we deem appropriate, in our sole discretion, so long as we do not disclose information relating to performance of your individual Noodles & Company Restaurant, unless such disclosure is required by law or order of a court. We require you to use the reporting periods and fiscal year used by us.

12. OPERATIONS MANUAL.

12.01 Operations Manual. The Operations Manual may include, without limitation, matters such as the following: policies and procedures for all aspects of construction, design and operation of the Restaurant, forms, information relating to product and menu specifications, purchase orders, general operations, personnel, gross sales reports, net royalty sales reports, training and accounting, sanitation, food safety, design specifications, insurance requirements, uniforms, signs, notices, specified equipment and fixtures, hardware and software systems, IT training, support and processes, Marks usage, lease requirements, décor, standards of maintenance and appearance of the Restaurant, hours and days of operation, advertising and marketing, standards of maintenance, customer experience, reporting requirements, and how to contact us. We may also establish emergency procedures, which may include closure of the Restaurant. You agree that we shall not be liable for any losses or costs, including consequential damages or lost profits, due to such closure or otherwise.

12.02 Modification to Operations Manual. We will modify the Operations Manual at any time and from time to time, provided that no such modification shall alter your fundamental status and rights under this Agreement. Such modifications shall be effective upon delivery of written notice, or at such time thereafter as we designate. The Operations Manual is an integral part of this Agreement, including all amendments thereto, and you agree to comply with all aspects of the Operations Manual, as amended.

12.03 Proprietary and Confidential Information. You agree that the Operations Manual is owned solely and exclusively by us, is strictly confidential and that you will make no claim to ownership of the Operations Manual or its contents.

13. INSPECTIONS OF YOUR NOODLES & COMPANY RESTAURANT; AUDITS.

13.01 Inspections. We and our designees have the right at any reasonable time and without prior notice to: (a) inspect your Noodles & Company Restaurant; (b) observe, photograph, audio-tape and/or video tape the operations of your Noodles & Company Restaurant; (c) remove samples of any food and beverage products, materials or supplies for testing and analysis; and (d) interview personnel and customers of your Noodles & Company Restaurant. You agree to cooperate fully with such activities. You shall furnish to us immediately upon receipt by you all inspection reports, citations or warnings received from municipal or other authorities.

13.02 Audits. We have the right at any time during business hours, and on ten (10) days prior notice to you, to inspect, copy and audit the books, records, tax returns and documents relating to the development, ownership, lease, occupancy or operation of your Noodles & Company Restaurant. You must cooperate fully with our representatives and independent accountants conducting such audits. If any inspection or audit discloses an understatement of Net Royalty Sales, you must pay us, within seven (7) days after receipt of the audit report, the royalties and any advertising contributions due on the amount of such understatement, plus interest (as provided in Section 6.05) from the date originally due until the date of payment.

Further, if such inspection or audit is made necessary by your failure to furnish reports, records or information on a timely basis, or if the audit determines an understatement of Net Royalty Sales for the period of any audit to be greater than one percent (1%), you must reimburse us for the cost of such audit or inspection, including the charges of any attorneys and independent accountants and the travel expenses, room and board and compensation of our employees, attorneys and independent accountants plus \$3,500 (or the amount in our then-current Franchise Agreement used for new franchises) to offset our internal costs relating to such audit.

14. AREA OPERATOR'S RIGHT TO TRANSFER.

14.01 Noodles & Company's Approval. The rights and duties created by this Agreement are personal to you and your Owners. Accordingly, neither you nor any of your Owners or Affiliates, nor any individual, partnership, limited liability company, corporation or other entity which directly or indirectly has or owns any interest in this Agreement, may Transfer the Franchise or any direct or indirect interest therein without our prior written consent, which may be withheld in our sole discretion. Any transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect.

14.02 Conditions for Approval. If we have not exercised our right of first refusal under Section 14.06, we will not unreasonably withhold our approval of a Transfer of the Franchise that meets all of the reasonable restrictions, requirements and conditions we impose on the Transfer, the transferors, and/or the transferee(s), prior to the transfer being valid, including the following:

(a) you have completed development of your Noodles & Company Restaurant and are operating your Noodles & Company Restaurant in accordance with this Agreement;

(b) you and your Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with us or our Affiliate, as applicable;

(c) the proposed transferee must be an entity, and its owners must provide us on a timely basis all information we request; the proposed transferee's owners must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to operate your Noodles & Company Restaurant, and who must otherwise meet our approval;

(d) the proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended or other Publicly Held Entity;

(e) the transferee (or its Operating Partner) and its managers, shift supervisors and other personnel must have completed our initial training program or must be currently certified by us to operate and/or manage a Noodles & Company Restaurant to our satisfaction;

(f) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of its Term or, at our option, execute our then-current Franchise Agreement, IT Support Services Agreement and related documents used in the state in which your Noodles & Company Restaurant is located (which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement);

(g) you or the transferee must pay us a transfer fee equal to \$3,500 (or the amount in our then-current Franchise Agreement used for new franchises) plus associated costs;

(h) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us, our Affiliate, stockholders, officers, directors, employees, agents, successors and assigns;

(i) we must not have disapproved the material terms and conditions of such Transfer (including the price and terms of payment and the amount to be financed by the transferee in connection with such transfer) on the basis that they are so burdensome as to be likely, in our reasonable judgment, to adversely affect the transferee's operation of your Noodles & Company Restaurant or its compliance with its franchise agreements and any other agreements being transferred;

(j) if you (or any of your Owners or Affiliates) finance any part of the sale price of the transferred interest, you and/or your Owners or Affiliate must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due us and our Affiliate and to otherwise comply with this Agreement, any Franchise Agreement being transferred or any Franchise Agreement executed by the transferee;

(k) you and your Owners must execute a non-competition covenant, in form and substance satisfactory to us, in favor of us and the transferee agreeing that, for a period of two (2) years, starting on the effective date of the Transfer, you and your Owners will not directly or indirectly (such as through members of his/her or Immediate Families) own any legal or beneficial interest in, or render services or give advice to: (1) any Competitive Business; or (2) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business in any Designated Market Area (as defined by Nielsen Media Research) where a Noodles & Company Restaurant is located, whether Company-owned or franchised, or within any area that is or was within an Area Development Area or a Protected Area, as those terms are defined in the Area Development Agreement and this Agreement;

(l) we do not determine that any applicable federal or state statute, regulation, rule or law which is enacted, promulgated or amended after the date hereof, may have a material adverse effect on our rights, remedies or discretion with respect to our relationship with the proposed transferee;

(m) you and your Owners and Affiliates must execute such other documents and do such other things as we may reasonably require to protect our rights under this Agreement and under any Area Development Agreement;

(n) transferee must obtain an assignment of leases from the landlords for all Restaurants being transferred and obtain liquor and other required licenses from all applicable authorities for all Restaurants being transferred; and

(o) such proposed transferee must meet all of the then-current Franchise Agreement requirements, approval processes and criteria for new Area Operators of Noodles & Company Restaurants, including ownership of the required minimum number of Noodles & Company Restaurants after the Transfer.

14.03 Effect of Approval. Our approval of a Transfer of the Franchise does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success of the Noodles & Company Restaurant by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's compliance with this Agreement. Any approval shall apply only to the specific Transfer of the Franchise being proposed and shall not constitute an approval of, or have any bearing on, any other proposed Transfer of the Franchise.

14.04 Special Transfers. Neither Section 14.06 nor Section 14.02(g), shall apply to any Transfer of the Franchise among any of your then-current Owners. On thirty (30) days' notice to us, you, if you are a partnership, may transfer this Agreement in conjunction with a transfer of all of the assets of your Noodles & Company Restaurant, by an agreement in form and substance approved by us, to a corporation or limited liability company which conducts no business other than the Noodles & Company Restaurant (and other Noodles & Company Restaurants under franchise agreements granted by us), and of which you own and control all of the equity and voting power of all issued and outstanding capital stock. None of the foregoing assignments shall relieve you or your Owners of your respective obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder. We will also permit transfers among partners so long as the transfer is to a prior existing partner that was previously approved by us and who meets our then-current requirements for Area Operators.

14.05 Death or Disability of Area Operator.

(a) Upon your death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Area Operator, if we do not exercise our right of first refusal, the executor, administrator or other personal representative of such person shall transfer his interest in this Agreement or his interest in Area Operator to a third party approved by us in accordance with all of the applicable provisions of Section 14 within a reasonable period of time, not to exceed six (6) months from the date of death or permanent disability. We agree not to exercise our right of first refusal in the case of death or disability if the proposed purchaser or transferee is a family member who meets our then-current requirements for Area Operators or is a prior existing partner that was previously approved by us and who meets our then-current requirements for Area Operators.

(b) In order to prevent any interruption in the operation of the Restaurant and any injury to the goodwill and reputation which would cause harm to the Restaurant, you authorize us, and we shall have the right, but not the obligation, to operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (i) you (if you are an individual) or your Operating Partner are absent or incapacitated by reason of illness or death and that you are not, in our sole judgment, able to perform under this Agreement; or (ii) any allegation or claim is made against the Restaurant, you or the Operating Partner involving or relating to any fraudulent or deceptive practice. In the event that we install a support manager to operate the Restaurant, we, at our option, shall not be obligated to operate it for a period more than ninety (90) days. All revenues from the operation of the Restaurant during such period of operation by us shall be kept in a separate account and the expenses of the Restaurant, including Royalty Fees, marketing and advertising contributions, compensation and expenses for our representative, shall be charged to said account. If the revenues are not sufficient to cover these expenses, you will pay us on demand, and we may Sweep the account in Section 6.04 to obtain payment

of, the amount necessary to pay these expenses in full. If we elect to temporarily operate the Restaurant on your behalf, you hereby do and further agree to indemnify and hold us harmless from any and all claims arising from our acts and omissions.

14.06 Noodles & Company's Right of First Refusal. If you or any of your Owners desire to transfer the Franchise for legal consideration, you or such Owner must obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under Area Development Agreements or other franchise agreements for Noodles & Company Restaurants) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for the transfer of the Franchise must reflect the *bona fide* price offered therefore and may not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within sixty (60) days from the date of delivery of a complete and accurate copy of such offer to us to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we will have not less than ninety (90) days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of our right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate, and you and your Owners must cooperate fully with us in connection therewith.

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as we reasonably may require, provided that, we exercise our option as a result of a written offer reflected in a fully negotiated definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement. If we do not exercise our option to purchase, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 14.01 and 14.02, provided that we will have another option to purchase if the sale to such offeror is not completed within ninety (90) days after we elect not to exercise our option to purchase, or if there is a material change in the terms of the offer. You will promptly notify us in either event and we will have an additional thirty-day (30) period to exercise our option following receipt of that notice.

14.07 Securities Offerings. Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliate. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than thirty-five (35) persons; or (2) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information

requirements of the Securities Exchange Act of 1934, as amended, hereinafter referred to as a “Publicly Held Entity,” or (c) the result would be that the initial Owners would own less than fifty-one percent (51%) of your and/or your Affiliates’ securities and voting rights.

Any proposed private placement of your or of your Affiliate's securities must be approved by us and our legal counsel prior to the offering of securities. You shall pay the costs of such review and associated legal fees.

15. DEFAULT AND TERMINATION.

15.01 General. Noodles & Company shall have the right to terminate this Agreement for “cause.” “Cause” is hereby defined as a material breach or material default of this Agreement. Noodles & Company has the right to terminate this Agreement upon the following circumstances and in the following manners, each of which is deemed a material breach or default:

15.02 Automatic Termination Without Notice. Subject to applicable laws of the jurisdiction in which the franchise is located to the contrary, Area Operator shall be deemed to be in default under this Agreement, and all rights granted herein shall (unless we otherwise elect by notice to Area Operator) automatically terminate without notice to Area Operator if: (i) Area Operator shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations as they become due or shall make a disposition for the benefit of its creditors; (ii) Area Operator shall allow a judgment against him in the amount of more than \$25,000 to remain unsatisfied for a period of more than thirty (30) days (unless a supersedeas or other appeal bond has been filed); (iii) if the Restaurant at the Premises or the Area Operator’s assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lien holder provided that a final judgment against the Area Operator remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); (iv) if a levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Restaurant at the Premises, and is not discharged within five (5) days of such levy or attachment; (v) if Area Operator consents to the entry of an order for relief in an involuntary proceeding or to the conversion of an involuntary proceeding to a voluntary proceeding under any such law; (vi) if Area Operator consents to the appointment of, or the taking of possession by a receiver, trustee, or other custodian (as defined in the Bankruptcy Code) for all or a substantial part of its property or the property of the franchise business; (vii) if Area Operator permits any recordation of a notice of mechanics lien against the Restaurant at the Premises or any equipment at the Restaurant at the Premises which is not released within sixty (60) days; or (viii) a condemnation or transfer in lieu of condemnation occurs.

15.03 Option to Terminate Without Opportunity to Cure. Area Operator shall be deemed to be in default and Noodles & Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Area Operator any prior notice or opportunity to cure the default, effective immediately upon receipt of notice by Area Operator if any of the following events occur:

(a) Abandonment. If Area Operator abandons the Restaurant at the Premises. For purposes of this Agreement, “abandon” shall refer to Area Operator’s failure, at any time during the term of this Agreement, to keep the Premises or Restaurant at the Premises open

and operating for business for a period of two (2) consecutive days, except as provided in the Operations Manuals.

(b) Assignment, Death or Incapacity. If Area Operator purports to sell, assign, transfer, pledge or encumber in whole or in part the Restaurant, or any interest in the Franchise, without the prior written consent of Noodles & Company; except in the case that (i) or (ii) herein apply and you have made an appropriate request to transfer: (i) upon the death or legal incapacity of an Area Operator who is an individual, Franchisor shall allow up to six (6) months after such death or legal incapacity for the heirs, personal representatives or conservators (the "Heirs") of Area Operator either to enter into a new Franchise Agreement upon Noodles & Company's Then Current Franchise Agreement (except that no franchise fee or transfer fee shall be charged), if Noodles & Company is subjectively satisfied that the Heirs meet Noodles & Company's standards and qualifications, or if not so satisfied to allow the Heirs to sell the franchise to an Entity approved by Noodles & Company; or (ii) upon the death or legal incapacity of an Owner of Area Operator directly or indirectly owning fifty percent (50%) or more of the equity or voting power of Area Operator, Noodles & Company shall allow a period of up to six(6) months after such death or legal incapacity for the Heirs to enter into our Then Current Franchise Agreement or to transfer to another person acceptable by us. If within said six (6) month period said Heirs fail either to enter into a new Franchise Agreement or to sell the franchise to a person approved by Noodles & Company, or fail either to receive our consent to the transfer of such equity or voting rights to the Heirs or to another person acceptable by us, as provided herein, this Agreement shall thereupon automatically terminate;

(c) Repeated Defaults. If Area Operator shall default in three (3) or more material obligations within the preceding twelve (12) months for which written notice has been provided, if required, or for which no notice was given if none required, such repeated course of conduct, which need not be the same or identical breaches, shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

(d) Misrepresentation. If Area Operator makes any material misrepresentations or omissions in connection with the execution of this Agreement or the acquisition of the Premises;

(e) Violation of Law. If Area Operator fails, for a period of five (5) days after having received notification of non-compliance from Noodles & Company or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Restaurant;

(f) Health or Safety Violations. If Area Operator: (i) operates the Restaurant so contrary to this Agreement, the System and the Operations Manuals as to constitute an imminent danger to the public health; or (ii) sells unauthorized products to the public after notice of default and continuing to sell such products whether or not Area Operator has cured the default after one (1) or more notices; (iii) fails to cure issues after food safety audits and health department inspections; or (iv) fails to begin to correct such non-compliance or violation immediately, and completely corrects such non-compliance or violation within forty-eight (48) hours, after written notice thereof is delivered by said inspector or auditor or us, whichever is earlier;

(g) Under Reporting. If an audit or investigation conducted by us discloses that Area Operator has knowingly maintained false books or records, or submitted false reports to

us, or knowingly understated its Net Royalty Sales or withheld the reporting of same as herein provided;

(h) Criminal Offenses. If Area Operator or any of its officers, directors, or key employees is convicted of or pleads guilty or nolo contendere to a felony or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect our reputation, System, Marks or the goodwill associated therewith, or our interest therein;

(i) Assignment Without Consent. If Area Operator purports to make any assignment or transfer without our prior written consent or otherwise violates this Agreement;

(j) Intellectual Property Misuse. If Area Operator materially misuses or makes any unauthorized use of the Marks (including, but not limited to, unauthorized use of the Marks as part of a website domain name or electronic address or as part of information available on such website), or otherwise materially impairs the goodwill associated therewith or Noodles & Company's rights therein. Area Operator's disclosure of any portion of the Operations Manual in violation of this Agreement, or Area Operator's unauthorized use, disclosure or duplication of the "Trade Secrets," or Confidential Information, excluding independent acts of employees or others if Area Operator shall have exercised its best efforts to prevent such disclosures or use; or

(k) Unethical Conduct. If Area Operator engages in any dishonest or unethical conduct that may adversely affect the reputation of the Restaurant or other Noodles & Company Restaurants or the goodwill associated with the Marks.

(l) Failure to Complete Training. Failure to timely and successfully complete the training programs described in Section 4.01 to Franchisor's satisfaction.

15.04 Termination With Notice and Opportunity To Cure. Except for any default by Area Operator for which no notice is required as expressly provided elsewhere in this Agreement, Area Operator shall have thirty (30) days, five (5) days in the case of any default in the timely payment of sums due to Noodles & Company or its Affiliate), after written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Noodles & Company. If any such default is not cured within that time period, or such longer time period as applicable law may require or as we may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure. Defaults for which notice under this Section 15.04 shall be given include:

(a) Performance Requirements. If Area Operator fails to maintain or observe any of the standards, policies or procedures we prescribe (i) in this Agreement or any other agreement with Noodles & Company or its Affiliate related to this or any other franchise; (ii) in the Operations Manual; (iii) pursuant to our other policies, whether or not written, which describe Area Operator's duties, obligations, conditions, covenants, or performance requirements; or (iv) in other written documentation, including, without limitation, the requirements and specifications concerning the (a) quality, services, and cleanliness of the Restaurant; (b) the products and services sold or provided at the Restaurant, or the operation of the Restaurant; (c) any other operational and other performance requirements; and (d) the overall quality, service or cleanliness of the Restaurant is determined by us to be unsatisfactory or damaging to the brand or customer experience.

(b) Failure to Adequately Maintain Bank Account. If Area Operator fails to maintain adequate resources in the designated bank account (as described in Section 6.04) to fully and timely satisfy all Sweeps of the account Noodles & Company is permitted to make under this Agreement.

15.05 Notice Required By Law. Notwithstanding anything to the contrary contained in this Section 15, in the event any valid, applicable law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Noodles & Company's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Noodles & Company shall not, however, be precluded from contesting the validity, enforceability, or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

15.06 Reimbursement of Our Costs. In the event of a default by Area Operator, all our costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of our administrative and other employees shall be paid to Noodles & Company within five (5) days of notice by us.

15.07 Cross-Default. Except for a default or termination of any Area Development Agreement consisting solely of Area Operator's failure to meet the development schedule thereunder, any material default not timely cured by Area Operator 1) under the terms and conditions of this Agreement, any Lease, or other agreement between Noodles & Company (or its Affiliate) and Area Operator, 2) of its obligations to any advertising Cooperative of which it is a member, 3) under any agreement with any vendor or supplier of Noodles & Company Proprietary or Non-Proprietary Products, 4) under the Lease for the Premises or 5) under any agreement with any construction suppliers, product supplier or service providers, shall be deemed a material default of this Agreement and each and every said agreement. Furthermore, in the event of termination, for any cause of this Agreement or any other agreement between the parties hereto, Noodles & Company may, at its option, terminate any or all said agreements.

15.08 Option to Purchase. Upon the expiration or termination of this Agreement for any reason, we shall give written notice to Area Operator, within thirty (30) days after the effective date of termination or expiration, if we intend to exercise our option to purchase from Area Operator some or all of the assets used in the Noodles & Company Restaurant ("Assets"). In the event we have exercised such option we shall have the right to immediately enter and take over operations of the Premises. As used in this Section 15.08, "Assets" shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Restaurant, any liquor licenses and any other licenses necessary to operate the Premises, and the real estate fee simple or the lease for the Premises. We shall have the unrestricted right to assign this option to purchase the Assets. We shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to user affecting the Assets, whether contingent or otherwise.

(a) Purchase Price. The purchase price for the Assets ("Purchase Price") shall be their fair market value, (or, for leased assets, the fair market value of Area Operator's lease)

determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets less the amount of any liabilities associated with the Assets which we elect, in our sole discretion, to assume; provided, however, that the Purchase Price shall take into account the termination of this Agreement. Further, the Purchase Price for the Assets shall not contain any factor or increment (including goodwill) for any trademark, service mark or other commercial symbol used in connection with the operation of the Noodles & Company Restaurant. We may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a System Restaurant or for which Area Operator cannot deliver a bill of sale in a form satisfactory to us.

(b) Appraisers. If Franchisor and the Area Operator are unable to agree on the fair market value of the Assets within thirty (30) days after Area Operator's receipt of Franchisor's notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by two (2) professionally certified appraisers, Area Operator selecting one (1) and Franchisor selecting one (1). If the valuations set by the two (2) appraisers differ by more than ten percent (10%), the two (2) appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether two (2) or three (3) appraisers as the case may be) shall be conclusive and shall be the Purchase Price.

(c) Access to Restaurant, Premises and Books and Records. The appraisers shall be given full access to the Restaurant, the Premises and Area Operator's books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 15.08. The appraisers' fees and costs shall be borne equally by Franchisor and Area Operator.

(d) Franchisor's Purchase Notice. Within ten (10) days after the Purchase Price has been determined, Franchisor may exercise its option to purchase all or a portion of the Assets by so notifying Area Operator in writing ("Franchisor's Purchase Notice"). The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which shall take place no later than sixty (60) days after the date of Franchisor's Purchase Notice. From the date of Franchisor's Purchase Notice until Closing:

(i) Area Operator shall operate the Restaurant and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement; and

(ii) Franchisor shall have the right to appoint a manager, at Franchisor's expense, to control the day-to-day operations of the Restaurant and Area Operator shall cooperate, and instruct its employees to cooperate, with the manager appointed by Franchisor. Alternatively, Franchisor may require Area Operator to close the Restaurant during such time period without removing any Assets from the Restaurant.

(e) Due Diligence Period. For a period of thirty (30) days after the date of Franchisor's Purchase Notice ("Due Diligence Period"), Franchisor shall have the right to conduct such investigations as it deems necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Premises; and (4) the validity of contracts and liabilities inuring to Franchisor or affecting the Assets, whether contingent or

otherwise. Area Operator will afford Franchisor and its representatives access to the Restaurant and the Premises at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with Area Operator's operation of the Restaurant.

(f) Title and Lien Searches, Surveys, Environmental Assessments and Inspections. During the Due Diligence Period, at its sole option and expense, Franchisor may (a) cause the title to the Assets that consist of real estate interests ("Real Estate Assets") to be examined by a nationally recognized title company and conduct lien searches as to the other Assets; (b) procure "AS BUILT" surveys of the Real Estate Assets; (c) procure environmental assessments and testing with respect to the Real Estate Assets; and/or (d) inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory ("Fixed Assets") to determine if the Fixed Assets are in satisfactory working condition. Prior to the end of the Due Diligence Period, Franchisor shall notify Area Operator in writing of any objections that Franchisor has to any finding disclosed in any title or lien search, survey, environmental assessment or inspection. If Area Operator cannot or elects not to correct any such title defect, environmental objection or defect in the working condition of the Fixed Assets, Franchisor will have the option to either accept the condition of the Assets as they exist or rescind its option to purchase on or before the Closing.

(g) Compliance with Legal Requirements. Prior to the Closing, Area Operator and Franchisor shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Restaurant is located and the bulk sales provisions of any applicable tax laws and regulations. Area Operator shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Restaurant prior to Closing. Franchisor shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Area Operator to Franchisor, and the amount of any encumbrances or liens against the Assets or any obligations assumed by Franchisor.

(h) Lease of Premises. If the Premises are leased, Franchisor agrees to use reasonable efforts to effect a termination of the existing lease for the Premises. If the lease for the Premises is assigned to Franchisor or Franchisor subleases the Premises from Area Operator, Franchisor will indemnify and hold Area Operator harmless from any ongoing liability under the lease from the date Franchisor assumes possession of the Premises, and Area Operator will indemnify and hold Franchisor harmless from any liability under the lease prior to and including that date.

If Area Operator owns the Premises, Franchisor, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Area Operator on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Area Operator shall be at least ten (10) years with two (2) options to renew of five (5) years each and the rent shall be the fair market rental value of the Premises. If Area Operator and Franchisor cannot agree on the fair market rental value of the Premises, then appraisers (selected in the manner described above) shall determine the rental value.

(i) Closing. At the Closing, Area Operator shall deliver instruments transferring to Franchisor or its assignee: (a) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Area Operator; (b) all

licenses and permits for the Restaurant that may be assigned or transferred, with appropriate consents, if required; and (c) the lease or sublease for the Premises, with appropriate consents, if required. If Area Operator cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if Area Operator is otherwise not able to comply with the requirements set forth in this Section, then the Closing shall be accomplished through an escrow.

15.09 Termination by Area Operator. If Area Operator is in full compliance with this Agreement, and Franchisor materially breaches this Agreement, Area Operator may terminate this Agreement effective ninety (90) days after the delivery of written notice of termination if Area Operator gives written notice of such breach to Franchisor and Franchisor does not:

- (a) correct such failure within ninety (90) days after delivery of notice of such breach; or
- (b) if such breach cannot reasonably be cured within ninety (90) days after delivery of notice of such breach, undertake within ninety (90) days after delivery of such notice, reasonable efforts to cure such breach, and ultimately cure such breach.

16. RIGHTS AND OBLIGATIONS UPON TERMINATION.

16.01 Expiration or Termination of Area Operator's Rights. Upon the expiration or termination of Area Operator's rights granted under this Agreement:

(a) Area Operator shall immediately cease to use all trade secrets, Confidential Information, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Area Operator shall immediately return all property belonging to Franchisor, including but not limited to, the Operations Manual, menus, advertising materials, computer software programs and all materials incorporating trade secrets or Confidential Information.. Area Operator shall, at its own cost, make cosmetic changes to the Premises so that it no longer contains or resembles Noodles & Company's proprietary designs, including removal of all Noodles & Company identifying materials and distinctive cosmetic features and finishes, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Premises as we may reasonably direct.

(b) Noodles & Company may retain all fees paid pursuant to this Agreement, and Area Operator shall immediately pay any and all amounts owing to Noodles & Company and its Affiliates.

(c) Any and all obligations of Noodles & Company to Area Operator under this Agreement shall immediately cease and terminate.

(d) Any and all rights of Area Operator under this Agreement shall immediately cease and terminate.

(e) Area Operator shall immediately cease to operate the franchised Noodles & Company Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Area Operator of Noodles & Company.

(f) Noodles & Company shall have the option, exercisable by written notice within thirty (30) days after the termination of this Agreement, to take an assignment of all telephone numbers (and associated listings) for the Restaurant, and Area Operator shall notify the

telephone company and all listing agencies of the termination or expiration of Area Operator's right to use any telephone number and any classified or other telephone directory listings associated with the Restaurant, and authorize and instruct their transfer to Noodles & Company. Area Operators shall deliver all goods and materials containing the Marks to Noodles & Company and we shall have the sole and exclusive use of any items containing the Marks. Area Operator is not entitled to any compensation from us if we exercise this option.

(g) If Noodles & Company shall have authorized Area Operator to use the Marks, in whole or in part, in connection with the Internet, any website or email address, Area Operator shall, at our option, cancel or assign to Noodles & Company, or its designate, all of Area Operator's rights, title and interest in any Internet websites or web pages, email addresses, domain name listings and registrations which contain or which previously contained the Marks, or any of them, in whole or in part, and Area Operator shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration hereof, of the termination of Area Operator's right to use any domain name, web page and other Internet device associated with Noodles & Company or the Restaurant, and authorize and instruct their cancellation or transfer to Noodles & Company, as directed by us. Area Operator is not entitled to any compensation from us if we exercise our said rights or options. For the avoidance of doubt, nothing in this Section 16 shall be deemed to permit Area Operator to use the Marks, or any of them in whole or in part, in connection with the Internet, except with our prior written consent as provided in this Agreement.

16.02 Survival of Obligations. Termination or expiration shall be without prejudice to any other rights or remedies that Noodles & Company or Area Operator, as the case may be, shall have in law or in equity, including, without limitation, the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Area Operator's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which constitute post-termination covenants and agreements including the parties' obligation to arbitrate any and all disputes shall survive the termination or expiration of this Agreement. Area Operator shall provide us written confirmation that it has complied with all aspects of Section 16 and will continue to comply with such provisions within thirty (30) days of the effective date of the termination.

16.03 No Ownership of Marks. Area Operator acknowledges and agrees that rights in and to Noodles & Company's Marks and the use thereof shall be and remain our property.

16.04 Government Filings. In the event Area Operator has registered any of Noodles & Company's Marks or the name Noodles & Company as part of Area Operator's assumed, fictitious or corporate name, Area Operator shall promptly amend such registration to delete Noodles & Company's Marks and any confusingly similar marks or names therefrom.

16.05 Post-Term Covenants. Without limiting the generality of Section 16.02, the Post-Term covenants provided in Section 7.03 of this Agreement shall apply up on the expiration or termination of this Agreement.

17. SUCCESSOR FRANCHISE RIGHTS.

17.01 Your Right To Renewal. You will have an option to renew your Franchise Agreement for the Noodles & Company Restaurant you operate at the Premises after the Initial Term for two Renewal Terms of ten (10) years each, subject to the following conditions:

(i). Not less than twelve (12) months nor more than eighteen (18) months before the end of the Initial Term or a subsequent Renewal Term you must have given us written notice of your election to exercise the option. If you do not provide timely written notice of your election to exercise the option, you will be deemed to have waived the option. If you do give timely written notice of your election to exercise the option, but we do not agree that you are entitled to exercise the option, we will so notify you within sixty (60) days of the date your notice is given. If we fail to so notify you within such sixty (60) day period that we do not agree that you are entitled to exercise the option, we will be deemed to have waived our right to object to your election.

(ii). You will be required to enter into our then-current form of Franchise Agreement, which will supersede this Agreement in all respects and which shall provide a ten-year term for each Renewal Term. The terms of that Franchise Agreement may differ from this Agreement in material respects (including differences in Royalty Fees or other amounts payable by you).

(iii). You will be required to enter into our then-current form of IT Support Services Agreement.

(iv). You must pay, in lieu of an initial franchise fee, a renewal fee equal to (a) one-half of our then-current franchise fee, in the case of a ten (10) year renewal term, or (b) our then-current franchise fee, in the case of a twenty (20) year renewal term pursuant to 17.01 (iv) below.

(v). You must present evidence satisfactory to us that you have the right to remain in possession of the Premises for the entire renewal term, and we must either have (a) approved the Premises as a suitable location for a Noodles & Company restaurant under our then-applicable site criteria, or (b) approved a relocation site as a suitable location for a Noodles & Company location under such criteria (in which event your right to enter into the new Franchise Agreement will be conditioned upon your relocation of the Noodles & Company Restaurant at your expense and the renewal term which you are exercising may at your election be extended to an aggregate period of up to twenty (20) years rather than ten (10) years). In addition, if you hold a ground lease or fee ownership of the Premises the renewal term you are exercising may at your election be extended to an aggregate period of up to twenty (20) years (or such shorter period for which you have ground lease rights) rather than ten (10) years.

(vi). You must complete such renovation, modernization and improvement of the Restaurant premises and fixtures, furniture and equipment as we may reasonably require. Such work may include, without limitation, replacement of addition of signs, equipment, furnishings, fixtures, finishes and décor items, and redesign of the layout of the Restaurant, to reflect the then-current standards and image of the System to Noodles & Company's reasonable satisfaction. The work must be completed within six (6) months after the Renewal Franchise Agreement is signed.

(vii). You must have complied with our then-current qualifications (including financial and operational qualifications) and training requirements for new Franchisees, and you must be eligible for renewal in accordance with our process for evaluating franchisee renewal eligibility as in effect from time to time. If you are not so eligible, we will so notify you not less than eighteen (18) months before the end of an Initial Term or subsequent Renewal Term, which notice will include the reasons you are not so eligible,

and you will have an opportunity to seek to satisfy such eligibility (and we will re-evaluate such eligibility) prior to the end of such term.

(viii). You must not have received a notice of default under this Agreement and you must in our opinion have substantially complied with all of the terms and conditions of this Agreement, any amendment or successor to this Agreement, or any other agreement between you or any of your Affiliates and us.

(ix). Neither you nor any of your affiliates must have engaged in any conduct or communications that disparage Noodles & Company or the Noodles & Company brand.

(x). At the time of renewal, you and each of your Affiliates must sign a general release, in a form prescribed by us, releasing any and all claims, including known and unknown claims, against us and our Affiliates, and their respective officers, directors, agents and employees.

18. RELATIONSHIP OF THE PARTIES.

18.01 Independent Contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. Noodles & Company and Area Operator, as between themselves, are and shall remain independent contractors.

If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such covenant, we and you acknowledge and agree that: (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; (b) we will use our judgment in exercising such discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of Noodles & Company Restaurants generally (including ourselves, and our Affiliate and other Area Operators), and specifically without considering your individual interests or the individual interests of any other particular Area Operator; (c) we will have no liability to you for the exercise of our discretion in this manner so long as such discretion is not exercised in bad faith toward you; and (d) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for our judgment so exercised. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of your Noodles & Company Restaurant and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages

to any person or property arising directly or indirectly out of the operation of your business hereunder.

18.02 Indemnification. You agree to indemnify us, our Affiliate and our respective directors, officers, employees, shareholders, agents, successors and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one (1) or more of the Indemnitees in connection with the development, ownership, operation or closing of any of your Noodles & Company Restaurants (collectively "Event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity will not apply to any liability arising from negligent acts of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term "losses and expenses" includes compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any Event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of Indemnitees or Noodles & Company Restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We shall not be obligated to consent to any settlement that admits any fault, directly or indirectly, on our part. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an Event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the Event if such would cause your insurer to deny coverage so long as your insurer provides suitable, skilled counsel to defend the action. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18.03 Taxes. We will have no liability for any sales, use, service, occupation, exercise, gross receipts, income, property or other taxes, whether levied upon your Noodles & Company Restaurant, your property or upon us, in connection with sales made or business conducted by you (except any taxes we are required by law to collect from you). Payment of all such taxes shall be your responsibility. In the event of a *bona fide* dispute as to your liability for taxes, you may contest your liability in accordance with applicable law. In no event, however, will you permit a tax sale, seizure, or attachment to occur against your Noodles & Company Restaurant or any of its assets.

You will promptly pay all federal, state and local taxes arising out of the operation of your business. We will not be liable for these or any other taxes and you hereby do and will indemnify us for any such taxes that may be assessed or levied against us which arise or result

from your business. You shall reimburse us for any sales tax, gross receipts tax, use tax or other tax or assessment imposed by any taxing authority in the state where the Restaurant is located on any fees or other amounts payable to us under this Agreement. Such taxes are distinguishable from income taxes imposed on us by the jurisdiction in which the Restaurant is located. Such income taxes are our responsibility.

19. DISPUTE RESOLUTION.

19.01 Mediation, Jurisdiction and Venue. Except for claims by either party for payments owed by one party to the other and except for claims requesting injunctive relief, any controversy or claim arising out of or relating to this Agreement or the making, interpretation, or performance hereof, shall first be submitted to mediation. The parties shall agree on a single mediator within thirty (30) days after notice by the complaining party, and if no mediator is mutually agreed upon within such thirty (30) days, then the mediation shall be submitted by the complaining party to the American Arbitration Association's ("AAA's") regional office located closest to our principal place of business. The mediation proceedings shall be conducted in the city where we then have our principal place of business. You agree and acknowledge that Noodles & Company may, through manuals, or otherwise in writing, designate different procedures or rules for any mediation.

Subject to the foregoing, you and your Owners irrevocably submit to the jurisdiction of the Federal Courts of the United States in the state in which our principal place of business is located (which is Colorado as of the date hereof) and of the state courts of the city and county in which our principal place of business is located (which as of the date hereof is the State of Colorado, City and County of Broomfield) in any suit, action, or proceeding, arising out of or relating to this Agreement or any other dispute between you and us. You irrevocably agree that all claims in respect of any such suit, action, or proceeding brought by you must be brought therein. You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action, or proceeding, and the defense of lack of personal jurisdiction.

You agree that service of process for purposes of any such suit, action, or proceeding arising out of this Agreement may be made by serving a person of suitable age and discretion (such as the person in charge of the office) at the notice address specified on the signature page of this Agreement.

19.02 Injunctive Relief. Notwithstanding Section 19, we may obtain, in any court of competent jurisdiction, any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived). You and each of your Owners acknowledge that any violation of Section(s) 5, 7, 9, 11, 14, 15 and/or 16, but not limited to these Sections, would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consent to the issuance of an injunction prohibiting any conduct in violation of any of those sections and agree that the existence of any claim you or any of your Owners may have against us, whether arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

19.03 Attorneys' Fees. If any party brings action against another party, with respect to the subject matter of this Agreement, the prevailing party, if any, shall be entitled to recover from the adverse party all of the reasonable expenses of the prevailing party, including attorney fees.

19.04 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Colorado, excluding its choice of laws rules. This Agreement shall be construed under the laws of the State of Colorado, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state. Otherwise, in the event of any conflict of law, Colorado law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under Colorado law, and if your Noodles & Company Restaurant is located outside of Colorado and such provision would be enforceable under the laws of the state in which your Noodles & Company Restaurant is located, then such provision shall be construed under the laws of that state. Nothing in this Section 19 is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Colorado to which it otherwise would not be subject.

19.05 Limitations on Legal Actions.

(a) Waiver of Punitive and Exemplary Damages. Except with respect to your obligations regarding use of the Marks in Section 5 and the Confidential Information in Section 7.01, we and you (and your Owners) each waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other.

(b) Claims barred After One Year. Any and all claims, controversies or disputes arising out of or relating to this Agreement, or the performance of Noodles & Company hereunder, shall be commenced by you against Noodles & Company within one (1) year from the occurrence first giving rise to such claim, controversy or dispute, or such claim controversy or dispute shall be barred.

(c) Prohibition Against Class and Collective Actions. You agree that, for our franchise system to function properly, we should not be burdened with the costs of litigating system-wide disputes. Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action, and you (and each of your Owners) waive any right to proceed against us, our Affiliates, or any of our officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action. In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other Area Operator, and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

(d) Waiver of Jury Trial. **Furthermore, the parties agree that any legal action in connection with this Agreement shall be tried to the court sitting without a jury, and all parties hereto waive any right to have any action tried by jury.**

The provisions of this Section 19 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

20. MISCELLANEOUS.

20.01 Severability and Substitution of Provisions. Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing or reforming any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

20.02 Waiver of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any such waiver granted shall be without prejudice to any other rights the waiving party may have, will be subject to continuing review by such party and may be revoked, in such party's sole discretion, at any time and for any reason, effective upon delivery to the other party of ten (10) days' prior notice. You and we shall not be deemed to have waived any right reserved by this Agreement or be deemed to have modified this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by you or us to exercise any right under this Agreement (except as provided in Section 20.03) or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to other Noodles & Company Restaurants; or the acceptance by us of any payments due from you after any breach of this Agreement.

20.03 Exercise of Rights. Our respective rights hereunder are cumulative and no exercise or enforcement by either party of any right or remedy hereunder shall preclude the exercise or enforcement by Noodles & Company or Area Operator of any other right or remedy hereunder which Noodles & Company or Area Operator is entitled to enforce by law. If Area Operator commits any act of default under the agreement for which Noodles & Company exercises its right to terminate this Agreement, Area Operator shall pay to Noodles & Company the actual and consequential damages Noodles & Company incurs as a result of the premature termination of this Agreement. Area Operator acknowledges and agrees that the proximate cause of such damages sustained by Noodles & Company is Area Operator's act of default and not Noodles & Company's exercise of its right to terminate.

20.04 Successors and Assigns. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This Agreement is fully transferable and assignable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interests herein.

20.05 Construction. The language of this Agreement shall be construed according to its fair meaning and not strictly against any party. The introduction, personal guarantees, exhibits

and riders (if any) to this Agreement, as well as the Operations Manual, are a part of this Agreement, which constitutes the entire Agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, other than the Franchise Disclosure Document and the ADA, that either party may or does rely on or that will have any force or effect. Nothing in this Agreement shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. This Agreement shall not be modified except by mutual agreement of the parties evidenced by a written agreement signed by both parties except as otherwise expressly stated herein. Nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the most recent franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative.

The headings of Sections are for convenience only and do not limit or construe their contents. The word "including" shall be construed to include the words "without limitation." The term "Franchisee" or "Area Operator" or "you" is applicable to one or more persons, a corporation, limited liability company or a partnership and its owners, as the case may be. If two (2) or more persons are at any time Area Operators hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us shall be joint and several. References to a controlling interest in an entity shall mean more than fifty percent (50%) of the equity or voting control of such entity.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

20.06 Approvals and Consents. Whenever this Agreement requires the approval, acceptance, or consent of either party, the other party shall make written request thereof, and such approval, acceptance, or consent shall be obtained in writing; provided, however, unless specified otherwise in this Agreement, such party may withhold approval, acceptance, or consent for any reason or for no reason at all. Furthermore, unless specified otherwise in this Agreement, no such approval, acceptance, or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving, accepting or consenting party shall have no responsibility, liability or obligation arising there from.

20.07 Notices and Payments. All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (a) at the time delivered by hand to the recipient party or any officer, director or partner of the recipient party; (b) on the same day of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system provided verification of receipt is retained on a business day (otherwise on the next business day); (c) one (1) business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices to us must include a copy to our General Counsel and our Chief Financial Officer to be effective. All payments and reports required by this Agreement shall be sent to us at the address identified in this Agreement unless and until a different address has been designated by written notice. No restrictive endorsement on any check or in any letter or other communication accompanying any payment shall bind us, and our acceptance of any such payment shall not constitute an accord and satisfaction.

20.08 Additional Services. We may, upon your request or in our sole discretion, provide additional services to you. The then current Operations Manual will include the fees we are entitled to charge you for said services.

21. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

<p>FRANCHISOR NOODLES & COMPANY, a Delaware corporation</p> <p>By: _____ Name: _____ _____</p> <p>Title: _____</p> <p>By: _____ Name: _____ _____</p> <p>Title: _____</p>	<p>AREA OPERATOR</p> <p>If a corporation, partnership, limited liability company or other legal entity:</p> <p>(Name of Corporation, partnership, limited liability company or other legal entity)</p> <p>By: _____ Name: _____ Title: _____</p> <p>By: _____ Name: _____ Title: _____</p> <p>By: _____ Name: _____ Title: _____</p> <p>By: _____ Name: _____ Title: _____</p>
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<p>ADDRESS TO WHICH NOTICES SHALL BE SENT:</p> <p>Noodles & Company 520 Zang Street, Suite D Broomfield, CO 80021 Attn: General Counsel</p>	<p>IF INDIVIDUALS:</p> <p>_____</p> <p>(Signature)</p> <p>_____</p> <p>(Print Name)</p> <p>Attestation By Secretary Of _____</p> <p>ADDRESS TO WHICH NOTICES SHALL BE SENT:</p>
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DEVELOPMENT MILESTONES CHECKLIST

✓	WHAT YOU DO	WHAT WE WILL DO
✓	RESAC Approval	
	<input type="checkbox"/> Submit Complete Site Package via CD or Zip file(See Site Package checklist)	Within 45 days of receipt, N & C will send you an approval/disapproval letter
✓	Lease / Purchase Agreement	
	<input type="checkbox"/> Submit Copy of Lease/Purchase Agreement (with Exhibit C completed and attached)	Within 14 days of receipt, N & C will send you an approval / disapproval letter.
	<input type="checkbox"/> Send N & C a copy of the Executed Lease	N & C should receive this within 5 days of execution
✓	Franchise Agreement / IT Support Services Agreement & Fee	
	<input type="checkbox"/> Sign Franchise Agreement, IT Support Services Agreement and return along with the Franchise Fee to N & C within 30 days of leasing the premises or when construction begins, whichever comes first.	Copy of Executed FA sent to FAO
✓	Design Review / Plan Approval	
	<input type="checkbox"/> Submit Equipment plan and Signage/Trade Dress elevation	Within approximately 10 days of receipt of each set of plans, N & C will send you an approval / disapproval letter with comments.
	<input type="checkbox"/> Submit Permit Plan Drawings	
✓	General Manager	
	<input type="checkbox"/> Identify GM, begin training at wk -10	
✓	Determine Training Support Needs	
	<input type="checkbox"/> Discuss needs with Ops wk -6	N & C will coordinate if appropriate
	<input type="checkbox"/> Commit to Turnover Date	
✓	Grand Opening Plan	
	<input type="checkbox"/> Submit Grand Opening Plan wk -8	Within approximately 7 days of receipt, N & C will send you an approval/disapproval letter with comments.
✓	Ops Turnover/Final Design Visit	
	<input type="checkbox"/> Building is "turned over" by contractor to FAO (-10 to 14 days)	For first 2 Restaurants, N & C development team will verify design
✓	"As Built" Drawings	
	<input type="checkbox"/> Copy of "As Builts" are provided to N & C for storage (cad CD's)	
✓	Restaurant Opens!	
	<input type="checkbox"/> Deliver an exceptional dining experience to every guest!	N&C Ops will complete an Operations Evaluation with in 45 days of open

EXHIBIT A

**TO THE FRANCHISE AGREEMENT BETWEEN
NOODLES & COMPANY, A DELAWARE CORPORATION, AND**

DATED _____ , _____

FOR THE SITE LOCATED AT: _____

AREA OPERATOR INFORMATION

1. Operating Partner. The name and home address of the Operating Partner is as follows:

<u>Name:</u>	<u>Home Address:</u>
_____	_____

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was organized on _____, under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its corporate or company name. The following is a list of all of Franchisee's directors and officers or managing members as of the date hereof.

<u>Name of Each Director/Officer/Managing Member</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Franchisee is a [general] [limited] partnership formed on _____ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of the date hereof.

Name of Each General Partner

Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

OWNER'S NAME AND ADDRESS:	PERCENTAGE AND NATURE OF OWNERSHIP INTEREST:

Submitted by Franchisee on this ____ day of _____, 20__

Accepted by Franchisor and made a part of the Franchise Agreement as of _____, 20__.

Name of corporation or Partnership:

NOODLES & COMPANY,
a Delaware corporation

By:

By:

Name:

Name:

Title:

Title:

By:

Name:

Title:

By:

Name:

Title:

OWNERS:

Signature: _____
Printed Name: _____

Signature: _____
Printed Name: _____

Signature: _____
Printed Name: _____

EXHIBIT B

PRINCIPAL OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS

FOR THE SITE LOCATED AT: _____

In consideration of, and as an inducement to, the execution of the Noodles & Company Franchise Agreement dated as of _____, _____ (the "Agreement") by and between Noodles & Company ("Franchisor"), and _____ ("Franchisee"), each of the undersigned owners of a ten percent (10%) or greater interest in Franchisee hereby personally, unconditionally and irrevocably: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall timely perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments), including the timely performance of all financial obligations, and that each and every representation of Franchisee made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments). Notwithstanding the foregoing, the undersigned shall have no obligation under section 7.02 or 7.03 of the Franchise Agreement after the second anniversary of the later of (a) the date of the undersigned ceases to have an ownership interest in Franchisee or (b) the date of undersigned ceases to render services to the Franchisee.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the agreement; and (f) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so in a timely manner (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable until satisfied in full.

Except for claims by either party for payments owed by one party to the other and except for claims requesting injunctive relief, any controversy or claim arising out of or relating to this Agreement or the making, interpretation, or performance hereof, shall first be submitted to mediation. The parties shall agree on a single mediator within thirty (30) days after notice by the complaining party, and if no mediator is mutually agreed upon within such thirty (30) days, then the mediation shall be submitted by the complaining party to the American Arbitration

Association's ("AAA's") regional office located closest to our principal place of business. The mediation proceedings shall be conducted in the city where we then have our principal place of business. If mediation is not successful in resolving the dispute, on demand of either party the dispute shall be submitted to a court of competent jurisdiction.

Subject to the foregoing, the parties irrevocably submit to the jurisdiction of the Federal Courts of the United States and of the courts of the state, city and county in which our principal place of business is located (which is, as of the date hereof, the State of Colorado, City and County of Broomfield) in any suit, action, or proceeding, arising out of or relating to this Agreement or any other dispute between the parties. The parties irrevocably agree that all claims in respect of any such suit, action, or proceeding brought by you must be brought therein except with respect to matters that are under the exclusive jurisdiction of the Federal Courts of the United States, which shall be brought in the Federal District Court nearest to our principal place of business. The parties irrevocably waive, to the fullest extent either party may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action, or proceeding, and the defense of lack of personal jurisdiction.

The parties agree that service of process for purposes of any such suit, action, or proceeding arising out of this Agreement may be made by serving a person of suitable age and discretion (such as the person in charge of the office) at the notice address specified on the signature page of this Agreement.

These dispute resolution provisions shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT B

(continued)

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

PERCENTAGE OF OWNERSHIP INTERESTS IN FRANCHISEE	GUARANTOR(S)
_____	_____ (Signature)
_____	_____ (Print Name)
_____	NOTICE ADDRESS: _____
_____	_____ (Signature)
_____	_____ (Print Name)
_____	NOTICE ADDRESS: _____
_____	_____ (Signature)
_____	_____ (Print Name)
_____	NOTICE ADDRESS: _____

Subscribed and sworn to before me this _____ day of _____

Notary Public

My Commission expires:

EXHIBIT C

CONFIRMATION OF TERM COMMENCEMENT DATE

FOR THE SITE LOCATED AT: _____

Reference is hereby made to a Franchise Agreement dated _____ (“Agreement”) by and between Noodles & Company (“Franchisor”) and _____ (“Franchisee”). Pursuant to Section 2.01 of the Agreement, Noodles & Company hereby gives notice that the Term (as defined in the Agreement) commenced on _____, _____.

WITNESS the execution hereunder seal as of the _____ day of _____, _____.

FRANCHISOR:

Noodles & Company, a Delaware corporation

By: _____

Print Name: _____

Title: _____

EXHIBIT D

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(To be executed by all owners
and Operating Partners)

In conjunction with your investment in or provision of services to _____ ("Franchisee"), you ("Investor" or "you"), acknowledge and agree as follows:

1. Franchisee owns and operates, or is developing, a Noodles & Company Restaurant pursuant to a franchise agreement dated _____, _____ ("Franchise Agreement") with Noodles & Company, a copy of which is attached hereto. The Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement. You are entering into this Agreement to induce Noodles & Company to enter into the Franchise Agreement. All capitalized terms contained herein and not otherwise defined herein shall have the same meaning set forth in the Franchise Agreement.

For purposes of this Agreement:

"Competitive Business" means any business that operates or franchises one or more restaurants: (1) whose sales of Specified Dishes (as defined below) collectively constitute more than 10% of restaurant operating revenues; (2) that are the same as, or substantially similar to, the Noodles & Company concept as it evolves or changes over time; or (3) that operate in a fast casual or quick casual format. As used in this Agreement, "Specified Dishes" means noodle dishes, pasta dishes, Asian dishes, Italian or Mediterranean dishes and any other dishes that are the same or substantially similar to the dishes on the Noodles & Company menu ("Noodles & Company Dishes") as it may evolve or change over time. Restrictions in this Agreement on competitive activities do not apply to: (a) the ownership or operation of other Noodles & Company restaurants we or our Affiliates licenses; (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities; or (c) any restaurant concept whose per person average check during the preceding twelve (12) months was more than fifty percent (50%) higher or lower than Noodles & Company per person average check for the same period. Revenue of a restaurant, as used in this definition means the aggregate amount of all sales of food, beverages and other products sold in or by such restaurant, whether for cash or credit, but excluding all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, all coupons, promotions, discounts and refunds.

2. You acknowledge and agree that your execution of this Agreement is a condition to Noodles & Company entering into the Franchise Agreement and that you have received good and valuable consideration for executing this Agreement. Noodles & Company may enforce this Agreement directly against you and your Owners (as defined below).

3. If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("Owners") must also execute this Agreement.

4. You and your Owners, if any, may gain access to parts of Noodles & Company's Confidential Information as a result of investing in Franchisee. The Confidential Information is proprietary and includes Noodles & Company trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and indefinitely thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (d) will not distribute, disclose, or otherwise cause the distribution of any Noodles & Company Confidential Information. If you or your Owners cease to have an interest in Franchisee, you and your Owners, if any, must deliver to Noodles & Company any such Confidential Information in your or their possession.

5. During the term of the Franchise Agreement, you and your Owners shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

(1) the Protected Area;

(2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;

(3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or

(4) the United States.

6. For a continuous uninterrupted period commencing upon the expiration or termination of the Franchise Agreement and for two (2) years thereafter, you and your Owners, shall not, without Noodles & Company's prior written consent, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(a) Divert or attempt to divert any business or customer of any Noodles & Company Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Noodles & Company's Marks or the System.

(b) [Intentionally omitted]

(c) Own, maintain, advise, be employed by, consult for, make loans to, operate, engage in or have an ownership interest (including any right to share in revenues or profits) in any Competitive Business which is, or is intended to be located within:

(1) the Protected Area;

(2) a radius of fifteen (15) miles from your Noodles & Company Restaurant;

(3) a radius of fifteen (15) miles of any Noodles & Company Restaurant; or

(4) any Designated Market Area (as defined by Nielsen Media Research) where any Noodles & Company Restaurant is located.

7. Notwithstanding the foregoing, you will have no obligation under Section 5 or Section 6 after the second anniversary of the later of (a) the date you cease to have an ownership interest in Franchisee or (b) the date you cease to render services to Franchisee.

8. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. Noodles & Company may obtain, in any court of competent jurisdiction, any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledges that any violation of Sections 4, 5 or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If Noodles & Company files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse Noodles & Company for all its costs and expenses, including reasonable attorneys' fees.

9. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Colorado, excluding its choice of laws rules. This Agreement shall be construed under the laws of the State of Colorado, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state. Otherwise, in the event of any conflict of law, Colorado law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under Colorado law, and if your Noodles & Company Restaurant is located outside of Colorado and such provision would be enforceable under the laws of the state in which your Noodles & Company Restaurant is located, then such provision shall be construed under the laws of that state.

10. You understand and acknowledge that Noodles & Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, effective immediately upon written notice to you. You shall comply forthwith with any covenant as so modified, which shall be full enforceable notwithstanding the provisions hereof.

11. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction, the parties desire the court to reform the covenant to render the covenant enforceable, but only to the extent required to render the covenant enforceable, so that Noodles & Company may obtain the greatest possible level of protection from the misuse of Confidential Information, the diversion of customers, the solicitation of its employees and unfair competition; and in such event, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT D
(continued)

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement on this day of _____, _____.

INVESTOR

If an Individual:

If a corporation, partnership, limited liability company or other legal entity:

(Signature)

By: _____

Print Name: _____

Title: _____

(Print Name)

OWNERS

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT E
PROTECTED AREA EXHIBIT

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

NOODLES & COMPANY OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

NOODLES & COMPANY OPERATIONS MANUAL TABLE OF CONTENTS

Section	Contents	Number of Pages per Section
I. Restaurant Operations	a. HACCP/Food Safety b. Food Safety Audits c. MSDS d. Food Safety SOP e. Noodle/Grill f. Salad/Server g. Silver Bowl/Prep h. Garnish i. Sauté j. Noodle Ambassador k. To Go Specialist l. Journey Leader m. Shift Manager n. MIT o. Shelf Life Charts p. Operational Review/Guidelines q. Service Check	168
II. Restaurant Policy & Procedures	a. Cash Control Policy b. Inventory Policy c. Security d. Hours & Days of Operation e. Staffing Requirements f. New Restaurant Opening Timeline	77
III. Area Operator Training	a. Orientation b. Content & Duration for Franchise Area Operator c. Content & Duration for Operating Partner d. Content & Duration for General Manager e. Train the Journey Leader f. Process for Becoming a Certified Training Restaurant (MTM Manual)	316
IV. Marketing	a. Introduction b. The Brand c. Strategy d. Ongoing Marketing e. Public Relations f. Approved Use of Marks g. Helpful Attachments	93

Section	Contents	Number of Pages per Section
V. Information Technology	<ul style="list-style-type: none"> a. Software b. Hardware c. Telecommunications d. Low Voltage e. Music f. POS Configuration g. Information Technology Support h. Polling & Reporting i. Manager Training j. Staging Checklist 	35
VI. Finance & Accounting	<ul style="list-style-type: none"> a. Insurance Requirements; Construction, Restaurant b. P & L Format c. Chart of Accounts d. Financial & Sales Reporting Requirements e. Letter of Credit Requirements 	17
VII. Development	<ul style="list-style-type: none"> a. Real Estate Process, Tools, and Approval b. Design Book & Sign Package c. Lease Review Process & Key Clauses d. Construction Orientation & Supervision 	650
VIII. Purchasing	<ul style="list-style-type: none"> a. Approved Food Suppliers b. Approved Distributors c. Approved Furniture/Fixture/Finishes/Vendors d. Proprietary Products e. Non-Proprietary Products f. Process for Evaluating Alternative Suppliers g. Test Marketing Process h. Menu Policy including Approved Menu 	43
IX. Condition/Appearance of Restaurant	<ul style="list-style-type: none"> a. Standards of Maintenance b. Snapshot c. HACCP & Food Safety Audits d. Uniform Policy 	18
X. Confidential Information	<ul style="list-style-type: none"> a. Confidentiality Agreement 	5
XI. Misc.		15
TOTAL:		1,437

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

Below is a list of the names of all current franchisees and the address and telephone number of each of their restaurants as of January 3, 2023.

Franchisee	Franchised Restaurant
<u>California</u>	
NorCal Noodles, LLC	8148 Delta Shores Circle South Sacramento, CA 95832 (916) 665-1622
	5130 Cherry Ave San Jose, CA 95118 (408) 267-1471
	2770 East Bidwell Street Folsom, CA 95630 (916) 983-7815
	2435 Fair Oaks Blvd Sacramento, CA 95825 (916) 484-7250
	6123 Sunrise Blvd Citrus Heights, CA 95610 (916) 726-0585
	1640 East Monte Vista Ave Vacaville, CA 95688 (707) 469-1400
	5198 Commons Drive Rocklin, CA 95677 (916) 652-5140
	3151 Zinfandel Drive Rancho Cordova, CA 95670 (916) 631-1301
	1110 Concord Ave Concord, CA 94518 (925) 691-3844
SoCal Noodles, LLC	5985 Katella Ave Cypress, CA 90630 (714) 995-5334
	3650 Rosecrans Street San Diego, CA 92110 (619) 223-3200
	2521 Palomar Airport Road Carlsbad, CA 92011 (760) 930-1369
	2214 North Tustin Orange, CA 92865 (714) 685-1700
	8908 Apollo Way Downey, CA 90242 (562) 803-1330
<u>Connecticut</u>	
Hartford Noodles, LLC*	333 North Main Street West Hartford, CT 06117

	(860) 206-9986
	41 Hebron Avenue Glastonbury, CT 06033 (860) 430-6888
	832 Queen Street Southington, CT 06489 (860) 426-3500
	1442 Pleasant Valley Road Manchester, CT 06042 (860) 432-9889
	808 Washington Street Middletown, CT 06457 (860) 342-8017
<u>Florida</u>	
Blade Enterprises, LLC*	4624 Town Crossing Drive, Ste 113 Jacksonville, FL 32246 (904) 516-7757
River City Restaurant Group, LLC*	7822 W. Sand Lake Road Orlando, FL 32819 (407) 354-1301
	3683 E. Colonial Drive Orlando, FL 32803 (407) 228-9870
	850 South Sun Drive Lake Mary, FL 32746 (407) 333-0207
	3268 North John Young Parkway Kissimmee, FL 34741 (407) 944-0220
	12101 University Blvd, Ste 219 Orlando, FL 32817 (321) 415-6550
<u>Illinois</u>	
IWI Ventures, LLC*	305 N. Veterans Parkway Bloomington, IL 61704 (309) 661-6300
	528 East Green Champaign, IL 61820 (217) 367-2000
	609 South Main Street Normal, IL 61761 (309) 454-3900
	2575 W. Wabash Springfield, IL 62708 (248) 879-9900
Hamra Noodles, LLC*	3290 Green Mount Crossing Shiloh, IL 62269 (618) 206-2047
<u>Indiana</u>	
River City Restaurant Group, LLC*	3040 Columbus Center Columbus, IN 47203 (812) 307-4664

<u>Iowa</u>	
IWI Ventures, LLC*	5345 Elmore Avenue Davenport, IA 52807 (563) 359-1113
<u>Kentucky</u>	
Invictus, LLC*	2468 Nicholasville Road Lexington, KY 40503 (859) 905-3993
River City Restaurant Group, LLC*	1225 South Hurstborne Parkway Louisville, KY 40222 (502) 632-0102
	4302 Summit Plaza Drive Louisville, KY 40241 (502) 804-4724
	319 W. Cardinal Blvd Louisville, KY 40208 (502) 632-2846
<u>Michigan</u>	
Inspired Concepts, LLC*	7007 Eastman Ave Midland, MI 48642 (989) 495-2520
	4459 E. Blue Grass Rd, Ste E Mt. Pleasant, MI 48858 (989) 282-1220
Pasta Per Trio, Inc.*	320 South State Street Ann Arbor, MI 48104 (734) 327-9041
	3601 Washtenaw Avenue, Suite A Ann Arbor, MI 48104 (734) 477-5700
	2245 West Stadium Blvd Ann Arbor, MI 48104 (734) 418-7930
	30130 Telegraph Road Bingham Farms, MI 48025 (248) 636-1660
	27315 23 Mile Road Chesterfield, MI 48051 (586) 236-6061
	101 E. Grand River Ave East Lansing, MI 48823 (517) 332-4040
	5070 28 th Street SE, Unit A Grand Rapids, MI 49512 (616) 954-5800
	2289 East Beltline Grand Rapids, MI 49525 (616) 361-2600
	3871-A Rivertown Parkway Grandville, MI 49418 (616) 871-2111
	5363 W. Main Street, Ste. A

	Kalamazoo, MI 49009 (269) 382-4100
	29459 Plymouth Road, Space D150 Livonia, MI 48150 (734) 525-2288
	17931 Haggerty Road Northville Township, MI 48167 (248) 380-7777
	1965 W. Grand River Okemos, MI 48864 (517) 347-1400
	6150 S. Westnedge Avenue Portage, MI 49002 (269) 324-1111
	184 N. Adams Road, Space E260 Rochester Hills, MI 48309 (248) 375-5000
	420 S. Main Street Royal Oak, MI 48067 (248) 548-7700
	3119 Crooks Road Troy, MI 48084 (248) 280-4300
	6836 Rochester Rd. Troy, MI 48084 (248) 879-9900
	26425 Novi Road Novi, MI 48375 (248) 562-6221
	15575 Hall Road Macomb, MI 48044 (586) 488-3628
	12371 James Street, Ste 10 Holland, MI 49424 (616) 377-7378
<u>Minnesota</u>	
Little Deep Pasta Company, LLC*	922 Holiday Drive Moorhead, MN 56560 (218) 512-2040
<u>Missouri</u>	
Hamra Noodles, LLC*	10925 Olive Blvd Creve Coeur, MO 63141 (314) 997-8804
	1784 Clarkson Road Chesterfield, MO 63017 (636) 728-1580
	406 South Ninth Street Columbia, MO 65201 (573) 442-6580
	18 S. County Center Way #81 St. Louis, MO 63129 (314) 416-4004
	64 Hampton Village Plaza

	St. Louis, MO 63109 (314) 457-1769
	21 Conley Road Columbia, MO 65201 (573) 441-0308
	1624 South Hanley Road Richmond Heights, MO 63144 (314) 317-0612
Montana	
Little Deep Pasta Company, LLC*	1459 North 19 th Avenue Bozeman, MT 59718 (406) 586-2511
	3680 Brooks Street Missoula, MT 59801 (406) 251-9745
Nebraska	
Little Deep Pasta Company, LLC*	2801 Pine Lake Road Lincoln, NE 68516 (402) 423-4131
	5001 O Street Lincoln, NE 68510 (402) 875-5901
	203 South 72 nd Street Omaha, NE 68114 (402) 393-0586
	12414 L. Street, Ste 101 Omaha, NE 68137 (402) 884-4053
	13110 West Dodge Omaha, NE 68154 (402) 513-2464
North Carolina	
River City Restaurant Group, LLC*	8016 Providence Road Charlotte, NC 28277 (704) 752-7803
	4205 West Wendover Avenue Greensboro, NC 27407 (336) 294-6979
	8926 J.M. Keynes Drive, Ste A Charlotte, NC 28262 (704) 549-0188
	2230 East Franklin Boulevard, Ste 140 Gastonia, NC 28054 (704) 864-8071
North Dakota	
Little Deep Pasta Company, LLC*	304 4 th Avenue NW Minot, ND 58703 (701) 491-9103
	4501 15 th Ave South Fargo, ND 58103 (701) 356-3004

	2603 Kirsten Lane, Ste 100 Fargo, ND 58103 (701) 356-4003
	3000 32 nd Ave Grand Forks, ND 58201 (701) 757-1720
	303 S 3 rd Street Bismarck, ND 58504 (701) 557-1890
South Carolina	
Golden Noodles, LLC*	116 Loyola Drive Myrtle Beach, SC 29588 (843) 310-0311
South Dakota	
Little Deep Pasta Company, LLC*	5005 South Louise Ave Sioux Falls, SD 57108 (605) 275-0012
	1734 Eglin Street, #500 Rapid City, SD 57701 (605) 791-0197
Tennessee	
River City Restaurant Group, LLC*	11083 Parkside Drive Knoxville, TN 37934 (865) 675-1869
	2116 Green Hills Village Drive Nashville, TN 37215 (615) 383-7740
	995 Meridian Blvd Franklin, TN 37067 (615) 771-3013
	2702 Wilma Rudolph Blvd, Ste B Clarksville, TN 37040 (931) 551-9556
Wisconsin	
IWI Ventures, LLC*	4653 Keystone Crossing Blvd Eau Claire, WI 54701 (715) 858-9000
	101 Division Street Stevens Point, WI 54481 (715) 295-0700
	1800 Stewart St, Suite 500 Wausau, WI 54401 (715) 845-5554

*connotes an Area Developer

EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Noodles & Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Noodles & Company (the Company) as of January 3, 2023 and December 28, 2021, the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 3, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 3, 2023 and December 28, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 3, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 3, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 8, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of long-lived assets

*Description of
the Matter*

As more fully described in Notes 1 and 6 to the consolidated financial statements, during the year ended January 3, 2023, the Company recorded impairment charges of \$1.4 million related to its restaurants. The Company evaluates its long-lived assets for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Management groups and evaluates long-lived assets for impairment at the individual restaurant level, which is the lowest level at which independent identifiable cash flows are available. The Company estimates the future undiscounted cash flows expected to be generated by the assets and compares those estimates to the carrying value of the related assets. If the assets are determined to be impaired, they are written down to their fair values.

When indicators of impairment were identified, auditing the Company's long-lived asset impairment analyses involved subjective auditor judgment in evaluating the expected restaurant revenues included in the future undiscounted cash flows. This assumption is subjective in nature and is affected by expectations about future market conditions for a given store.

*How We
Addressed the
Matter in Our
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's assessment of the projected undiscounted cash flows to be generated by restaurants with indicators of impairment. This included testing controls over management's review of the significant assumption of future restaurant revenues described above.

To test the significant assumption described above, our audit procedures included, among others, comparing estimated revenue trends to historical results for similar restaurants and evaluating current trends by restaurant and testing the data used in the calculations for completeness and accuracy. We inquired of the Company's management to understand the business initiatives supporting the revenue assumption in the future cash flows. We performed a sensitivity analysis of the forecasted restaurant revenues to evaluate the change in future undiscounted cash flow estimates that would result from changes in the assumption.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2009.
Denver, Colorado
March 8, 2023

ITEM 8. Financial Statements and Supplementary Data

Noodles & Company

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

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See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Balance Sheets
(in thousands, except share data)

	<u>January 3, 2023</u>	<u>December 28, 2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,523	\$ 2,255
Accounts receivable	6,443	3,958
Inventories	10,044	9,404
Prepaid expenses and other assets	3,450	6,837
Income tax receivable	176	108
Total current assets	<u>21,636</u>	<u>22,562</u>
Property and equipment, net	129,386	119,276
Operating lease assets, net	183,392	188,440
Goodwill	7,154	7,154
Intangibles, net	608	668
Other assets, net	1,667	3,359
Total long-term assets	<u>322,207</u>	<u>318,897</u>
Total assets	<u>\$ 343,843</u>	<u>\$ 341,459</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,308	\$ 15,543
Accrued payroll and benefits	9,219	18,600
Accrued expenses and other current liabilities	11,005	13,791
Current operating lease liabilities	28,581	26,617
Current portion of long-term debt	—	2,031
Total current liabilities	<u>64,113</u>	<u>76,582</u>
Long-term debt, net	46,051	18,931
Long-term operating lease liabilities, net	187,320	200,243
Deferred tax liabilities, net	229	269
Other long-term liabilities	7,766	7,801
Total liabilities	<u>305,479</u>	<u>303,826</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 1,000,000 shares authorized and undesignated as of January 3, 2023 and December 28, 2021; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, 180,000,000 shares authorized as of January 3, 2023 and December 28, 2021; 48,464,298 issued and 46,040,427 outstanding as of January 3, 2023; 48,125,151 issued and 45,701,280 outstanding as of December 28, 2021	485	481
Treasury stock, at cost, 2,423,871 shares as of January 3, 2023 and December 28, 2021, respectively	(35,000)	(35,000)
Additional paid-in capital	211,267	207,226
Accumulated deficit	(138,388)	(135,074)
Total stockholders' equity	<u>38,364</u>	<u>37,633</u>
Total liabilities and stockholders' equity	<u>\$ 343,843</u>	<u>\$ 341,459</u>

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Fiscal Year Ended		
	January 3, 2023	December 28, 2021	December 29, 2020
<i>Revenue:</i>			
Restaurant revenue	\$ 498,359	\$ 467,336	\$ 388,480
Franchising royalties and fees, and other	11,121	7,816	5,175
Total revenue	<u>509,480</u>	<u>475,152</u>	<u>393,655</u>
<i>Costs and expenses:</i>			
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Cost of sales	137,859	117,894	97,697
Labor	155,023	145,622	126,424
Occupancy	45,213	45,956	46,787
Other restaurant operating costs	91,220	83,603	71,208
General and administrative	49,903	47,535	42,876
Depreciation and amortization	23,268	22,333	21,709
Pre-opening	1,662	665	443
Restaurant impairments, closure costs and asset disposals	6,164	5,727	6,540
Total costs and expenses	<u>510,312</u>	<u>469,335</u>	<u>413,684</u>
(Loss) income from operations	(832)	5,817	(20,029)
Interest expense, net	2,445	2,082	3,146
(Loss) income before income taxes	(3,277)	3,735	(23,175)
Provision for income taxes	37	70	84
Net (loss) income	<u>\$ (3,314)</u>	<u>\$ 3,665</u>	<u>\$ (23,259)</u>
 (Loss) earnings per Class A and Class B common stock, combined			
Basic	\$ (0.07)	\$ 0.08	\$ (0.53)
Diluted	\$ (0.07)	\$ 0.08	\$ (0.53)
Weighted average Class A and Class B common stock outstanding, combined			
Basic	45,913,787	45,483,029	44,272,474
Diluted	45,913,787	46,125,386	44,272,474

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common Stock ⁽¹⁾		Treasury		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance—December 31, 2019	46,557,934	\$ 466	2,423,871	\$ (35,000)	\$ 200,585	\$ (115,480)	\$ 50,571
Stock plan transactions and other	249,653	2	—	—	(176)	—	(174)
Stock-based compensation expense	—	—	—	—	2,561	—	2,561
Net loss	—	—	—	—	—	(23,259)	(23,259)
Balance—December 29, 2020	46,807,587	468	2,423,871	(35,000)	202,970	(138,739)	29,699
L Catterton warrants exercised ⁽²⁾	975,458	10	—	—	(10)	—	—
Stock plan transactions and other	342,106	3	—	—	98	—	101
Stock-based compensation expense	—	—	—	—	4,168	—	4,168
Net income	—	—	—	—	—	3,665	3,665
Balance—December 28, 2021	48,125,151	481	2,423,871	(35,000)	207,226	(135,074)	37,633
Stock plan transactions and other	339,147	4	—	—	(360)	—	(356)
Stock-based compensation expense	—	—	—	—	4,401	—	4,401
Net loss	—	—	—	—	—	(3,314)	(3,314)
Balance—January 3, 2023	48,464,298	\$ 485	2,423,871	\$ (35,000)	\$ 211,267	\$ (138,388)	\$ 38,364

(1) Unless otherwise noted, activity relates to Class A common stock.

(2) Refer to Note 8 - Stockholders' Equity.

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal Year Ended		
	January 3, 2023	December 28, 2021	December 29, 2020
Operating activities			
Net (loss) income	\$ (3,314)	\$ 3,665	\$ (23,259)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	23,268	22,333	21,709
Deferred income taxes, net	(40)	29	40
Restaurant impairments, closure costs and asset disposals	2,261	3,538	4,782
Amortization of debt issuance costs	723	444	371
Stock-based compensation	4,328	4,110	2,497
Gain on insurance proceeds received for property damage	—	(406)	(200)
Changes in operating assets and liabilities:			
Accounts receivable	(2,576)	(491)	(392)
Inventories	(743)	(382)	61
Prepaid expenses and other assets	1,244	(492)	(14)
Accounts payable	(563)	4,689	(1,287)
Operating lease assets and liabilities	(5,417)	(1,759)	2,847
Income taxes	(68)	(64)	59
Accrued expenses and other liabilities	(9,546)	951	1,910
Net cash provided by operating activities	<u>9,557</u>	<u>36,165</u>	<u>9,124</u>
Investing activities			
Purchases of property and equipment	(33,886)	(18,776)	(11,782)
Proceeds from restaurant franchising	1,577	—	—
Insurance proceeds received for property damage	—	406	837
Net cash used in investing activities	<u>(32,309)</u>	<u>(18,370)</u>	<u>(10,945)</u>
Financing activities			
Net borrowings from swing line loan	4,781	—	—
Proceeds from borrowings on long-term debt	53,512	—	55,500
Payments on long-term debt	(32,850)	(21,556)	(54,313)
Debt issuance costs	(1,077)	—	(731)
Payment of finance leases	(1,990)	(1,925)	(1,080)
Stock plan transactions and tax withholding on share-based compensation awards	(356)	101	(174)
Net cash provided by (used in) financing activities	<u>22,020</u>	<u>(23,380)</u>	<u>(798)</u>
Net decrease in cash and cash equivalents	(732)	(5,585)	(2,619)
Cash and cash equivalents			
Beginning of year	2,255	7,840	10,459
End of year	<u>\$ 1,523</u>	<u>\$ 2,255</u>	<u>\$ 7,840</u>

See accompanying notes to consolidated financial statements.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Significant Accounting Policies

Business

Noodles & Company (the “Company” or “Noodles & Company”), a Delaware corporation, develops and operates fast-casual restaurants that serve globally-inspired noodle and pasta dishes, soups, salads and appetizers. As of January 3, 2023, the Company had 368 company-owned restaurants and 93 franchise restaurants in 31 states. The Company operates its business as one operating and reportable segment.

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Noodles & Company and its subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Fiscal Year

The Company operates on a 52- or 53-week fiscal year ending on the Tuesday closest to December 31. Fiscal year 2022 which ended on January 3, 2023 contained 53 weeks. Fiscal years 2021 and 2020, which ended on December 28, 2021 and December 29, 2020, respectively, each contained 52 weeks.

Risks and Uncertainties

The Company has been subject to risks and uncertainties as a result of the COVID-19 Pandemic and its variants ("COVID-19 Pandemic") since March 2022. Our business has been adversely affected by the COVID-19 Pandemic in varying degrees through occasional temporarily closed restaurants and reduced operating hours, disruption in our supply chain and shortages in the labor required to operate our restaurants. As such, we experienced a substantial decline in our revenues, profitability and cash flows from operations during the years ended December 28, 2021 and December 29, 2020. During the year ended January 3, 2023, the effects of the COVID-19 Pandemic diminished and we experienced improvement in our business.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments with an initial maturity of three months or less when purchased to be cash equivalents. Amounts receivable from credit card processors are converted to cash shortly after the related sales transaction and are considered to be cash equivalents because they are both short-term and highly liquid in nature. Amounts receivable from credit card processors as of January 3, 2023 and December 28, 2021, which are included in cash and cash equivalents, were \$1.0 million in both years. Additionally, the Company records “book overdrafts” when outstanding checks at year end are in excess of cash and cash equivalents. Such book overdrafts are recorded within accounts payable in the accompanying Consolidated Balance Sheets and within operating activities in the accompanying Consolidated Statements of Cash Flows.

Accounts Receivable

Accounts receivable consists primarily of franchise receivables and vendor rebates, as well as insurance receivables and other miscellaneous receivables arising from the normal course of business. The Company believes all amounts to be collectible and does

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

not have a history of losses. Accordingly, no allowance for doubtful accounts has been recorded as of January 3, 2023 or December 28, 2021.

Inventories

Inventories consist of food, beverages, supplies and smallwares, and are stated at the lower of cost (first-in, first-out method) or net realizable value. Smallwares inventory, which consist of the plates, silverware and cooking utensils used in the restaurants, are frequently replaced and are therefore considered current assets. Replacement costs of smallwares inventory are recorded as other restaurant operating costs in the Consolidated Statements of Operations and are expensed as incurred. As of January 3, 2023 and December 28, 2021, smallwares inventory of \$6.5 million and \$6.3 million, was included in the accompanying Consolidated Balance Sheets.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for major renewals and improvements are capitalized, while expenditures for minor replacements and maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the accounts are relieved of cost and accumulated depreciation and the related gain or loss is reflected in earnings. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term, which generally includes option periods that are reasonably certain to be exercised. Depreciation and amortization expense on property and equipment, including assets recorded as finance leases, was \$23.2 million, \$22.3 million and \$21.6 million in 2022, 2021 and 2020, respectively.

The estimated useful lives for property and equipment are:

Property and Equipment	Estimated Useful Lives
Leasehold improvements	Shorter of lease term or estimated useful life, not to exceed 20 years
Furniture and fixtures	3 to 15 years
Equipment	3 to 7 years

The Company capitalizes internal payroll and payroll-related costs directly related to the successful acquisition, development, design and construction of its new restaurants. Capitalized internal costs were \$0.4 million, \$0.2 million and \$0.2 million in 2022, 2021 and 2020, respectively. Interest incurred on funds used to construct company-owned restaurants is capitalized and amortized over the estimated useful life of the related assets. Capitalized interest totaled \$0.6 million, \$0.3 million and \$0.2 million in 2022, 2021 and 2020, respectively.

Goodwill

Goodwill represents the excess of purchase price over the fair value of identifiable net assets acquired. Goodwill is not subject to amortization, but instead is tested for impairment at least annually (or more often, if necessary) as of the first day of the Company's fourth fiscal quarter.

Goodwill is evaluated at the level of the Company's single operating segment, which also represents the Company's only reporting unit. In 2022, 2021 and 2020, the Company performed a qualitative impairment assessment. Under this approach, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If after performing the qualitative assessment, the Company determines there is less than a 50 percent chance that the fair value of its reporting unit is less than its carrying amount, then performing the two-step test is unnecessary. Based on the qualitative assessment performed, management did not believe that it is more likely than not that the Company's goodwill has been impaired.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Based on the Company's analysis, no impairment charges were recognized on goodwill in 2022, 2021 or 2020.

Intangibles, net

Intangibles, net consists primarily of reacquired franchise rights and trademarks. The Company amortizes the reacquired franchise rights over the remaining contractual terms of the reacquired franchise area development agreements at the time of acquisition, which ranged from approximately three years to 10 years as of January 3, 2023. Trademark rights are considered indefinite-lived intangible assets, the carrying value of which are analyzed for impairment at least annually (or more often, if necessary).

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment on a regular basis, in addition to whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. If the assets are determined to be impaired, the amount of impairment recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Estimates of future cash flows are based on the Company's experience and knowledge of local operations. During 2022, 2021 and 2020, the Company recorded impairment charges of certain long-lived assets which are included in restaurant impairments, closure costs and asset disposals in the Consolidated Statements of Operations. See Note 6, Restaurant Impairments, Closure Costs and Asset Disposals. Fair value of the restaurant assets was determined using Level 3 inputs (as described in Note 5, Fair Value Measurements).

Debt Issuance Costs

Certain fees and costs incurred to obtain long-term financing are capitalized and included as a reduction in the net carrying value of long-term debt, net of accumulated amortization. These costs are amortized to interest expense over the term of the related debt. When debt is extinguished prior to its maturity date, the amortization of the remaining unamortized debt issuance costs, or pro-rata portion thereof, is charged to loss on extinguishment of debt. Debt issuance costs of \$1.6 million and \$1.3 million, net of accumulated amortization, as of January 3, 2023 and December 28, 2021, respectively, are included as a reduction of long-term debt in the Consolidated Balance Sheets.

Self-Insurance Programs

The Company self-insures for health, workers' compensation, general liability and property damage. Predetermined loss limits have been arranged with insurance companies to limit the Company's per occurrence cash outlay. Estimated costs to settle reported claims and incurred but unreported claims for health and workers' compensation self-insured plans are recorded in accrued payroll and benefits and for general liability and property damage in accrued expenses and other liabilities in the Consolidated Balance Sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company's cash balances may exceed federally insured limits. Credit card transactions at the Company's restaurants are processed by one service provider. Concentration of credit risk related to accounts receivable are limited, as the Company's receivables are primarily amounts due from franchisees and the Company directly pulls the amounts owed from the franchisees bank accounts.

Revenue Recognition

Revenue consists of sales from restaurant operations and franchise royalties and fees. Revenue from the operation of company-owned restaurants is recognized when sales occur. The Company reports revenue net of sales and use taxes collected from customers and remitted to governmental taxing authorities.

Gift Cards

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company sells gift cards which do not have an expiration date, and it does not deduct non-usage fees from outstanding gift card balances. The Company recognizes revenue from gift cards when the gift card is redeemed by the customer or the Company determines the likelihood of the gift card being redeemed by the customer is remote (“gift card breakage”). The determination of the gift card breakage rate is based upon Company-specific historical redemption patterns. The Company has determined that approximately 13% of gift cards will not be redeemed, which is recognized ratably over the estimated redemption period of the gift card, approximately 24 months.

Loyalty Program

The Company operates the Noodles Rewards program, which is primarily a spend-based loyalty program. With each purchase, Noodles Rewards members earn loyalty points that can be redeemed for rewards, including free products. Using an estimate of the value of reward redemptions, we defer revenue associated with points earned, net of estimated points that will not be redeemed. Points generally expire after six months. Revenue is recognized in a future period when the reward points are redeemed.

Franchise Royalties

Royalties from franchise restaurants are based on a percentage of restaurant revenues and are recognized in the period the related franchised restaurants’ sales occur. Development fees and franchise fees, portions of which are collected in advance, are nonrefundable. The Company has determined that the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, such fees are recognized in income ratably over the term of the related franchise agreement or recognized upon the termination of the agreement between the Company and the franchisee.

As of January 3, 2023, December 28, 2021 and December 29, 2020, there were 93, 76 and 76 franchise restaurants in operation, respectively. Franchisees opened three restaurants in 2022 and one restaurant in 2021. There were no franchise restaurants opened in 2020. Also, one franchise restaurant closed in each of 2022, 2021 and 2020. In addition, there were fifteen company-owned locations acquired by a franchisee in 2022 and nine locations acquired in 2020.

Pre-Opening Costs

Pre-opening costs, including rent, wages, benefits and travel for the training and opening teams, food, beverage and other restaurant operating costs, are expensed as incurred prior to a restaurant opening for business.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and were \$9.3 million, \$7.7 million and \$7.9 million in 2022, 2021 and 2020, respectively. These costs are included in restaurant operating costs, general and administrative expenses and pre-opening costs based on the nature of the advertising and marketing costs incurred.

Rent

Rent expense for the Company’s leases, which generally have escalating rentals over the term of the lease, is recorded on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Some of the Company’s leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant’s sales in excess of stipulated amounts. Lease expense associated with rent escalation and contingent rental provisions is not material and is included within operating lease cost. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As most of the Company's leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes is accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those deferred amounts are expected to be recovered or settled. Valuation allowances are recorded for deferred tax assets that more likely than not will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company's policy is to recognize interest to be paid on an underpayment of income taxes in interest expense and any related statutory penalties in provision (benefit) for income taxes in the Consolidated Statements of Operations.

Stock-Based Compensation Expense

Stock-based compensation expense is measured at the grant date based upon the estimated fair value of the portion of the award that is ultimately expected to vest and is recognized as expense over the applicable vesting period of the award generally using the straight-line method (see Note 9, Stock-Based Compensation for more information).

Recently Adopted Accounting Pronouncements

In March 2020, the FASB issued ASU No. 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The Company adopted this pronouncement in the third quarter of 2022. The adoption of ASU 2020-04 did not have a material impact to the Company's consolidated financial statements.

2. Supplemental Financial Information

Accounts receivable consist of the following (in thousands):

	2022	2021
Delivery program receivables	\$ 2,027	\$ 1,467
Vendor rebate receivables	801	695
Franchise receivables ⁽¹⁾	2,050	644
Other receivables	1,565	1,152
Accounts receivable	<u>\$ 6,443</u>	<u>\$ 3,958</u>

⁽¹⁾ Franchise receivables in 2022 include amounts related to equipment purchased in advance at a discount for franchisees.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prepaid expenses and other assets consist of the following (in thousands):

	2022	2021
Prepaid occupancy related costs	\$ 711	\$ 73
Prepaid insurance	882	853
Current assets held for sale	—	3,514
Prepaid expenses	1,802	2,272
Other current assets	55	125
Prepaid expenses and other assets	<u>\$ 3,450</u>	<u>\$ 6,837</u>

Property and equipment, net, consist of the following (in thousands):

	2022	2021
Leasehold improvements	\$ 212,319	\$ 197,722
Furniture, fixtures and equipment	152,786	140,698
Construction in progress	6,738	6,306
	371,843	344,726
Accumulated depreciation and amortization	(242,457)	(225,450)
Property and equipment, net	<u>\$ 129,386</u>	<u>\$ 119,276</u>

Accrued payroll and benefits consist of the following (in thousands):

	2022	2021
Accrued payroll and related liabilities	\$ 5,004	\$ 9,851
Accrued bonus	2,007	5,078
Insurance liabilities	2,208	3,671
Accrued payroll and benefits	<u>\$ 9,219</u>	<u>\$ 18,600</u>

Accrued expenses and other current liabilities consist of the following (in thousands):

	2022	2021
Gift card liability	\$ 2,430	\$ 2,850
Occupancy related	1,001	1,615
Utilities	1,612	1,302
Current portion of finance lease liability	2,210	1,956
Liabilities held for sale	—	1,671
Accrued interest	70	271
Insurance liabilities	415	393
Other restaurant expense accruals	1,128	995
Other corporate expense accruals	2,139	2,738
Accrued expenses and other current liabilities	<u>\$ 11,005</u>	<u>\$ 13,791</u>

Assets and Liabilities Held for Sale

In November 2021, the Company entered into a definitive agreement to sell fifteen restaurants to a new franchisee (“Warner Sale”). In January 2022, the Company closed the Warner Sale. The assets and liabilities associated with the Warner Sale have been recorded in “Prepaid expenses and other assets” and “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets as

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of December 28, 2021. In addition, the Company recorded a \$0.5 million write down of assets related to this transaction during the year ended December 28, 2021, included in "Restaurant impairments, closure costs and asset disposals" on the Consolidated Statements of Operations. The following table presents the carrying amounts of the major classes of assets and liabilities classified as held for sale (in thousands):

	2021
Assets	
Current assets, total	\$ 2,494
Operating lease assets	1,020
Current assets held for sale	3,514
Liabilities	
Operating lease liabilities	1,671
Net assets held for sale	\$ 1,843

3. Goodwill and Intangible Assets

The Company had no goodwill impairment charges in 2022, 2021 or 2020. As of January 3, 2023 and December 28, 2021, the goodwill balance remained at \$7.2 million.

The following table presents intangible assets subject to amortization as of January 3, 2023 and December 28, 2021, (in thousands):

	2022	2021
Amortized intangible assets:		
Reacquired franchise rights	\$ 933	\$ 933
Accumulated amortization	(560)	(493)
Amortized intangible assets, net	373	440
Non-amortized intangible assets:		
Trademark rights	235	228
Intangibles, net	\$ 608	\$ 668

The estimated aggregate future amortization expense as of January 3, 2023 is as follows, (in thousands):

2023	\$	67
2024		66
2025		66
2026		52
2027		43
Thereafter		79
	\$	373

No impairment charges were recorded related to non-amortized intangible assets in 2022, 2021 or 2020.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Long-Term Debt

2018 Credit Facility

On May 9, 2018, the Company entered into a credit facility with U.S. Bank National Association (the “2018 Credit Facility”). The 2018 Credit Facility consisted of a term loan facility in an aggregate principal amount of \$25.0 million and a revolving line of credit of \$65.0 million, which included a letter of credit subfacility in the amount of \$15.0 million and a swingline subfacility in the amount of \$10.0 million. The 2018 Credit Facility was subsequently amended on November 20, 2019 (as amended, the First Amended Credit Facility) and June 16, 2020 (as amended, the Second Amended Credit Facility).

On July 27, 2022, the Company amended and restated its Second Amended Credit Facility by entering into the Third Amendment to the Credit Agreement (the “Third Amendment” or the “Third Amended Credit Facility”) which matures on July 27, 2027. Among other things, the Third Amendment: (i) increased the credit facility from \$100.0 million to \$125.0 million; (ii) eliminated the term loan and principal amortization components of the credit facility; (iii) removed the Company’s capital expenditure covenant; (iv) enhanced flexibility for certain covenants and restrictions; and (v) lowered the spread within the Company’s cost of borrowing and transitioned from LIBOR to SOFR plus a margin of 1.50% to 2.50% per annum, based upon the consolidated total lease-adjusted leverage ratio. In connection with the Third Amendment, the Company wrote off a portion of the unamortized debt issuance costs related to the Second Amended Credit Facility in the amount of \$0.3 million in the third quarter of 2022. The Third Amended Credit Facility is secured by a pledge of stock of substantially all of the Company’s subsidiaries and a lien on substantially all of the personal property assets of the Company and its subsidiaries.

As of January 3, 2023, the Company had \$47.7 million of indebtedness (excluding \$1.6 million of unamortized debt issuance costs) and \$3.0 million of letters of credit outstanding under the Third Amended Credit Facility.

The Company also maintains outstanding letters of credit to secure obligations under its workers’ compensation program and certain lease obligations. As of January 3, 2023, the Company was in compliance with all of its debt covenants.

The Company’s indebtedness bore interest at a range of 2.35% to 8.75% during 2022. The Company recorded interest expense of \$2.4 million, \$2.1 million and \$3.1 million for 2022, 2021 and 2020, respectively, of which each year included \$0.4 million of amortization of debt issuance costs.

5. Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and all other current liabilities approximate fair values due to their short-term nature. The carrying amounts of borrowings approximate fair value as the line of credit and borrowings vary with market interest rates and negotiated terms and conditions are consistent with current market rates. The fair value of the Company’s line of credit borrowings is measured using Level 2 inputs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets recognized or disclosed at fair value in the consolidated financial statements on a non-recurring basis include items such as property and equipment, operating lease assets, goodwill and other intangible assets. These assets are measured at fair value if determined to be impaired or when acquired. Adjustments to the fair value of assets measured at fair value on a non-recurring basis as of January 3, 2023 and December 28, 2021, are discussed in Note 6, Restaurant Impairments, Closure Costs and Asset Disposals. Assets held for sale are measured at fair value on a non-recurring basis using Level 3 inputs.

The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3—Prices or valuation techniques which require inputs that are both significant to the fair value measurement and unobservable (*i.e.*, supported by little or no market activity).

6. Restaurant Impairments, Closure Costs and Asset Disposals

The following table presents restaurant impairments, closure costs and asset disposals for fiscal years 2022, 2021 and 2020 (in thousands):

	2022	2021	2020
Restaurant impairments ⁽¹⁾	\$ 1,362	\$ 3,424	\$ 4,113
Closure costs ⁽¹⁾	1,285	1,239	535
Loss on disposal of assets and other	3,517	1,064	1,892
Total restaurant impairments, closure costs and asset disposals	<u>\$ 6,164</u>	<u>\$ 5,727</u>	<u>\$ 6,540</u>

(1) Restaurant impairments and closure costs in all periods presented above include amounts related to restaurants previously impaired or closed.

Restaurant Impairments

During 2022, 2021 and 2020, four restaurants, six restaurants and eight restaurants were identified as impaired, respectively. In 2022, the Company recognized a \$0.3 million loss from the Warner Sale (discussed in Note 2, Supplemental Financial Information). In 2021, the assets held in connection to the Warner Sale were written down by \$0.5 million. All periods include ongoing equipment costs for restaurants previously impaired. Impairment is based on management's current assessment of the expected future cash flows of various restaurants based on recent results and other specific market factors. Impairment expense is a Level 3 fair value measure and was determined by comparing the carrying value of restaurant assets to the estimated fair market value of the restaurant assets at resale value. The onset of the COVID-19 Pandemic during 2020 resulted in significant disruption to the restaurant industry and adversely affected the Company's business. The Company will continue to monitor the impact from the COVID-19 Pandemic as it relates to recoverability of long-lived assets.

In performing its impairment testing, the Company forecasts the future undiscounted cash flows by looking at recent restaurant level performance, restaurant level operating plans, sales trends and cost trends for cost of sales, labor and operating expenses. The Company compares this cash flow forecast to the asset's carrying value at the restaurant. Based on this analysis, if the carrying amount of the assets is greater than the estimated future undiscounted cash flows, an impairment charge is recognized, measured as the amount by which the carrying amount exceeds the fair value of the asset.

Restaurant Closures

Closure costs during 2022, 2021 and 2020 pertain to ongoing costs of restaurants that closed in previous years, as well as costs related to the closure of five, twelve, and six restaurants, respectively. These closure costs were offset by gains of \$0.1 million in 2022, \$0.2 million in 2021 and \$0.6 million in 2020 resulting from the adjustments to liabilities as lease terminations occur. Closure costs can include fees from real estate advisors and brokers related to terminations of the leases and charges resulting from final adjustments to liabilities as lease terminations occur.

Loss on disposal of assets and other includes expenses related to the divestiture of company-owned restaurants in 2022 and 2020 as well as lease related costs. Both years include disposals of assets in the normal course of business. Loss on disposal of assets and other for 2021 includes a gain on insurance proceeds from property damage.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Taxes

The components of the provision (benefit) for income taxes are as follows for 2022, 2021 and 2020 (in thousands):

	2022	2021	2020
Current tax provision:			
Federal	\$ —	\$ —	\$ —
State	77	41	44
	<u>77</u>	<u>41</u>	<u>44</u>
Deferred tax (benefit) provision:			
Federal	(27)	23	30
State	(13)	6	10
	<u>(40)</u>	<u>29</u>	<u>40</u>
Total provision for income taxes	<u>\$ 37</u>	<u>\$ 70</u>	<u>\$ 84</u>

The reconciliation of income tax provision (benefit) that would result from applying the federal statutory rate to pre-tax income as shown in the accompanying Consolidated Statements of Operations is as follows for 2022, 2021 and 2020 (in thousands):

	2022	2021	2020
Federal income tax (benefit) provision at federal rate	\$ (688)	\$ 784	\$ (4,867)
State income tax (benefit) provision, net of federal tax	(112)	162	(1,191)
Other permanent differences	368	(17)	288
Tax credits	(1,608)	(1,297)	(390)
Change in valuation allowance	1,558	244	6,104
Tax rate change	—	6	(25)
Deferred tax asset write-off	320	207	157
Other items, net	199	(19)	8
Provision for income taxes	<u>\$ 37</u>	<u>\$ 70</u>	<u>\$ 84</u>
Effective income tax rate	<u>(1.1)%</u>	<u>1.9 %</u>	<u>(0.4)%</u>

The Company's total deferred tax assets and liabilities are as follows (in thousands):

	2022	2021
Deferred tax assets	\$ 113,054	\$ 110,098
Deferred tax liabilities	(65,961)	(64,603)
Total deferred tax assets	47,093	45,495
Valuation allowance	(47,322)	(45,764)
Net deferred tax liabilities	<u>\$ (229)</u>	<u>\$ (269)</u>

Deferred income taxes arise because of the differences in the book and tax bases of certain assets and liabilities. Deferred income tax liabilities and assets consist of the following (in thousands):

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	<u>2022</u>	<u>2021</u>
Deferred tax assets (liabilities):		
Loss carry forwards	\$ 39,339	\$ 37,534
Deferred franchise revenue	2,411	1,128
Property, equipment and intangible assets	(14,802)	(11,821)
Stock-based compensation	1,970	1,676
Tax credit carry forwards	7,231	5,624
Interest expense	617	—
Inventory smallwares	(1,700)	(1,646)
Other accrued expenses	391	1,154
Operating lease assets	(49,459)	(51,136)
Operating lease liabilities	59,747	61,844
Other	1,348	1,138
Total net deferred tax assets	<u>47,093</u>	<u>45,495</u>
Valuation allowance	<u>(47,322)</u>	<u>(45,764)</u>
Net deferred tax liabilities	<u>\$ (229)</u>	<u>\$ (269)</u>

For the year ended January 3, 2023, the Company determined that it was appropriate to maintain a valuation allowance of \$47.3 million against U.S. deferred tax assets due to uncertainty regarding the realizability of future tax benefits. The valuation allowance is recorded against net deferred tax assets, exclusive of indefinite-lived assets and liabilities. The Company will maintain the remaining valuation allowance until there is sufficient evidence to support a full or partial reversal. The reversal of a previously recorded valuation allowance will generally result in a benefit to the effective tax rate.

As of January 3, 2023 and December 28, 2021, net operating loss (“NOL”) carry forwards for federal income tax purposes of approximately \$153.5 million and \$145.0 million, respectively, were available to offset future taxable income. Of these amounts, \$106.8 million is available to offset future taxable income through 2037. Federal NOLs of \$46.7 million created during the year ended January 1, 2019 and all subsequent years after can be carried forward indefinitely, but can only offset 80% of future taxable income. The Internal Revenue Code Section 382 generally limits the utilization of NOLs when there is an ownership change. The Company completed an analysis under Section 382 through January 3, 2023 and determined that there isn’t a current year limitation on utilization of tax attributes. Prior to the utilization of NOLs in the future, the Company will determine whether there are any limitations under Section 382. If such a limitation exists, it is possible that a portion of the NOLs may not be available for use before expiration.

Uncertain tax positions are recognized if it is more likely than not that the Company will be able to sustain the tax position taken, and the measurement of the benefit is calculated as the largest amount that is more than 50% likely to be realized upon resolution of the benefit. The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions.

There were no uncertain tax positions for the years ended January 3, 2023 or December 28, 2021. For federal and state income tax purposes, the Company’s 2019 through 2021 tax years remain open for examination by the authorities under the normal three year statute of limitations. Should the Company utilize any of its U.S. or state NOLs, the tax year to which the original loss relates will remain open to examination.

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8. Stockholders' Equity

Common Stock

The Company has 181,000,000 shares of stock authorized, consisting of 150,000,000 shares of Class A common stock, par value \$0.01 per share; 30,000,000 shares of Class B common stock, par value \$0.01 and 1,000,000 shares of preferred stock, par value \$0.01 per share. Preferred stock rights are determined by the Company's Board of Directors when preferred shares are issued. The following summarizes the rights of common stock:

Voting—Shares of Class A common stock and Class B common stock are entitled to one vote per share in all voting matters, with the exception that Class B common stock does not vote on the election or removal of directors.

Conversion—Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock.

Dividends—Class A common stock and Class B common stock share equally if a dividend is declared or paid to either class, but they do not have rights to any special dividend.

Liquidation, Dissolution or Winding Up—Class A common stock and Class B common stock share equally in distributions in liquidation, dissolution or winding up of the corporation.

Securities Purchase Agreement with L Catterton

On February 8, 2017, the Company entered into a securities purchase agreement with *L Catterton*, pursuant to which the Company agreed, in return for aggregate gross proceeds of \$18.5 million, to sell to *L Catterton* an aggregate of 18,500 shares of preferred stock convertible into 4,252,873 shares of the Company's Class A common stock, par value \$0.01 per share, at a price per share of \$1,000, plus warrants exercisable for five years beginning six months following their issuance for the purchase of 1,913,793 shares of the Company's Class A common stock, at a price per share of \$4.35. On January 6, 2021, *L Catterton* exercised their warrants and sold 837,948 shares of Class A Common Stock, pursuant to a private transaction. Upon completion of the transaction, *L Catterton* did not hold any shares of the Company's Class A Common Stock.

9. Stock-Based Compensation

The Company's 2010 Stock Incentive Plan (the "Plan"), as amended and restated in May of 2013, authorizes the grant of non-qualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance stock units ("PSUs") and incentive bonuses to employees, officers, non-employee directors and other service providers. The Plan is administered by the Compensation Committee of the Company's Board of Directors (the "Board") or another committee designated by the Board, or in the absence of any such committee, the Board itself (the "administrator"). Stock options are granted at a price determined by the administrator at an exercise price that is not less than the fair market value of the underlying stock on the date of grant. The administrator may also grant SARs and RSUs with terms determined by the administrator in accordance with the Plan. All share-based awards (except for RSUs) granted under the Plan have a life of ten years. Most awards vest ratably over four years; however, some have been granted with different vesting schedules. Of the awards outstanding, none have been granted to non-employees (except those granted to non-employee members of the Board of Directors of the Company) under the Plan. In 2022, the Company launched the General Manager ("GM") Equity program which granted RSUs to top performing general managers with a three year cliff vesting. At January 3, 2023, approximately 1.5 million share-based awards were available to be granted under the Plan.

Stock-based compensation expense is generally recognized on a straight-line basis over the service period of the awards. In 2022, 2021 and 2020, non-cash stock-based compensation expense of \$4.4 million, \$4.3 million and \$2.6 million, respectively, was included in general and administrative expense. Expense recognized in 2021 was higher than previous years due to the increase in performance share compensation expense as a result of improved Company performance compared to previous years. As of January

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3, 2023, there was \$7.4 million of unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Plan, which is expected to be recognized over 2.4 years.

The estimated fair value of each option granted is calculated using the Black-Scholes option-pricing model. Expected volatilities are based on the Company’s historical data and implied volatility. The Company uses historical data to estimate expected employee forfeitures of stock options. The expected life of options granted is management’s best estimate using recent and expected transactions. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company did not grant any options in 2022, 2021 or 2020.

The Company has estimated forfeiture rates that average 21% based upon the class of employees receiving stock-based compensation in its calculation of stock-based compensation expense for the year ended January 3, 2023. These estimates are based on historical forfeiture behavior exhibited by employees of the Company.

A summary of aggregate option award activity under the Plan as of January 3, 2023, and changes during the fiscal year then ended is presented below:

	Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (1) (in thousands)
Outstanding—December 28, 2021	783,412	\$ 12.26		
Granted	—	—		
Forfeited or expired	(90,807)	12.07		
Exercised	—	—		
Outstanding—January 3, 2023	<u>692,605</u>	<u>\$ 12.36</u>	<u>3.94</u>	<u>\$ 141</u>
Vested and expected to vest	686,785	\$ 12.40	3.92	\$ 141
Exercisable as of January 3, 2023	657,625	\$ 12.62	3.80	\$ 141

(1) Aggregate intrinsic value represents the amount by which fair value of the Company’s stock exceeds the exercise price of the option as of January 3, 2023.

There were no options granted in the years ended January 3, 2023, December 28, 2021 and December 29, 2020. The Company had 57,147, 90,590 and 120,349 options that vested during the years ended January 3, 2023, December 28, 2021 and December 29, 2020, respectively. These awards had a total estimated fair value of \$0.3 million, \$1.1 million, and \$0.8 million at the date of vesting for the years ended January 3, 2023, December 28, 2021 and December 29, 2020, respectively.

Performance Stock Units

The Company grants PSUs to its executive officers under the Plan. These PSU awards are earned over a three-year performance period subject to the achievement of certain target performance conditions. The number of shares eligible to vest ranges from 0% to 200%, however no share shall vest if the defined minimum targets are not met. The PSUs granted during fiscal years 2019 to 2022 were based on target performance measures over the Company’s comparable sales growth and Adjusted EBITDA (“Financial PSU”). In 2022 and 2021, the Company also awarded a total shareholder return based metric (“TSR”), which compares the stock price of the Company’s shares to a group of peer companies.

Each share of the Financial PSU has a fair value equal to the Company’s stock price at the date of grant while the fair value of each share of TSR is determined using a Monte Carlo valuation model. The Financial PSU stock-based compensation expense is recognized during the three-year period and is adjusted for the number of shares that are expected to vest based on the probability of achieving the targeted performance measures. Stock-based compensation expense for TSR awards is recognized straight-line over the term of the award. PSUs remain unvested until the end of the performance period and through the post-vest holding period of three to six months (“vest date”). PSUs are forfeited in the event of termination prior to the vest date. The stock-based

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compensation expense recognized from the PSUs amounted to \$0.9 million and \$1.5 million during 2022 and 2021, respectively. There was no stock-based compensation expense recognized from the PSUs in 2020.

A summary of the status of the Company's non-vested restricted share units as of January 3, 2023 and changes during the year then ended is presented below:

	Awards	Weighted-Average Grant Date Fair Value
Outstanding—December 28, 2021	1,164,827	\$ 8.23
Granted	1,678,080	5.57
Vested	(393,062)	7.51
Forfeited	(126,171)	6.39
Non-vested at January 3, 2023	2,323,674	\$ 6.45

The Company had 393,062 restricted stock units that vested during the year ended January 3, 2023. These units had a total estimated fair value of \$2.2 million at the date of vesting for the year ended January 3, 2023.

10. (Loss) Earnings Per Share

Basic (loss) earnings per share (“EPS”) is calculated by dividing net (loss) income available to common shareholders by the weighted-average number of shares of common stock outstanding during each period. Diluted EPS is calculated using net (loss) income available to common stockholders divided by diluted weighted-average shares of common stock outstanding during each period. Potentially dilutive securities include shares of common stock underlying stock options and restricted common stock. Diluted EPS considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect.

The following table sets forth the computations of basic and diluted EPS (in thousands, except share and per share data):

	2022	2021	2020
Net (loss) income attributable to common stockholders	\$ (3,314)	\$ 3,665	\$ (23,259)
Shares:			
Basic weighted average shares outstanding	45,913,787	45,483,029	44,272,474
Effect of dilutive securities	—	642,357	—
Diluted weighted average number of shares outstanding	45,913,787	46,125,386	44,272,474
(Loss) earnings per share:			
Basic (loss) earnings per share	\$ (0.07)	\$ 0.08	\$ (0.53)
Diluted (loss) earnings per share	\$ (0.07)	\$ 0.08	\$ (0.53)

The Company computes the effect of dilutive securities using the treasury stock method and average market prices during the period. Potential common shares are excluded from the computation of diluted earnings per share when the effect would be anti-dilutive. Shares issuable on the vesting or exercise of share-based awards or exercise of outstanding warrants were excluded from the calculation of diluted loss per share because the effect of their inclusion would have been anti-dilutive totaled 2,402,238, 503,142 and 3,175,472 for 2022, 2021 and 2020, respectively.

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11. Employee Benefit Plans

Defined Contribution Plan

In October 2003, the Company adopted a defined contribution plan, The Noodles & Company 401(k) Plan (the “401(k) Plan”). Company employees aged 21 or older, are eligible to participate in the 401(k) Plan beginning on the first day of the calendar month following 30 days of employment. Under the provisions of the 401(k) Plan, the Company may, at its discretion, make contributions to the 401(k) Plan. Participants are 100% vested in their own contributions. In 2019, the board of directors authorized matching contributions equal to 25% of the first 4% of compensation that is deferred by the participant. The Company recognized matching contribution expense of \$0.4 million, \$0.3 million and \$0.1 million in 2022, 2021 and 2020, respectively.

Deferred Compensation Plan

The Company’s deferred compensation plan, under which compensation deferrals began in 2013, is a non-qualified deferred compensation plan which allows highly compensated employees to defer a portion of their base salary and variable compensation each plan year. To offset its obligation, the Company purchases Company-owned whole-life insurance contracts on certain employees. As of January 3, 2023 and December 28, 2021, \$0.7 million and \$2.5 million, respectively, were included in other assets, net, which represents the cash surrender value of the associated life insurance policies, and \$0.7 million and \$0.5 million, respectively, were included in accrued expenses and other current liabilities and other long-term liabilities, which represents the carrying value of the liability for deferred compensation.

Employee Stock Purchase Plan

In 2013, the Company adopted an Employee Stock Purchase Plan (the “ESPP”) under which eligible team members may voluntarily contribute up to 15% of their salaries, subject to limitations, to purchase common stock at a price equal to 85% of the fair market value of a share of the Company’s common stock on the first day of each offering period or 85% of the fair market value of a share of the Company’s common stock on the last day of each offering period, whichever amount is less. In general, all non-highly compensated employees who have been employed by the Company for at least 30 days prior to the offering period and who are regularly scheduled to work more than 20 hours per week and for more than five months in any calendar year, are eligible to participate in the ESPP which operates in-line with the Company’s fiscal quarters. A total of 750,000 shares of common stock are available for issuance under the ESPP. The Company has issued a total of 267,729 shares under this plan, of which 40,838 shares were issued during 2022. A total of 482,271 shares remain available for future issuance. For 2022, in accordance with the guidance for accounting for stock compensation, the Company estimated the fair value of the stock purchase plan using the Black-Scholes multiple-option pricing model. The average assumptions used in the model included a 3.31% risk-free interest rate; 0.25 years year expected life; expected volatility of 66.4%; and a zero percent dividend yield. The weighted average fair value per share at grant date was \$1.12. In 2022, the Company recognized \$46,000 of compensation expense related to the ESPP.

12. Leases

The Company leases restaurant facilities, office space and certain equipment that expire on various dates through April 2038. Lease terms for restaurants in traditional shopping centers generally include a base term of 10 years, with options to extend these leases for additional periods of five to 15 years.

The Company’s leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Total rent expense for operating leases for 2022, 2021 and 2020 was approximately \$38.5 million, \$39.1 million and \$39.9 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Some of the Company's leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant's sales in excess of stipulated amounts. Lease expense associated with rent escalation and contingent rental provisions is not material and is included within operating lease cost. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company elected the practical expedient to account for lease and non-lease components as a single component for substantially all lease types.

As most of the Company's leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

During 2020, the onset of the COVID-19 Pandemic impacted the Company's business significantly, including temporary closures of our dining rooms starting in March 2020. The COVID-19 Pandemic had impacted certain of our restaurant operating results and the changes in the market trend of the trade area affected the underlying asset values of the restaurant lease. The Company recorded right-of-use asset impairment charges on two restaurants in 2022 and one restaurant in 2021 which reduced the carrying value of operating lease assets to their respective estimated fair value by \$0.2 million and \$0.1 million, respectively.

Supplemental balance sheet information related to leases is as follows (in thousands):

Classification	2022	2021
Assets		
Operating	\$ 183,392	\$ 188,440
Finance	5,258	6,394
Total leased assets	\$ 188,650	\$ 194,834
Liabilities		
Current lease liabilities		
Operating	\$ 28,581	\$ 26,617
Finance	2,210	1,956
Long-term lease liabilities		
Operating	187,320	200,243
Finance	3,520	4,654
Total lease liabilities	\$ 221,631	\$ 233,470

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of lease costs are as follows (in thousands):

Classification		Year Ended January 3, 2023	Year Ended December 28, 2021
Operating lease cost	Occupancy, other restaurant operating costs, general and administrative expenses, and pre-opening costs	\$ 38,514	\$ 39,075
	Closure costs, loss on disposals and other	3,071	1,598
Finance lease cost			
Amortization of lease assets	Depreciation and amortization	2,250	2,128
Interest on lease liabilities	Interest expense, net	401	487
		<u>44,236</u>	<u>43,288</u>
Sublease income	Franchising royalties and fees, and other	(3,242)	(1,832)
Total lease cost, net		<u>\$ 40,994</u>	<u>\$ 41,456</u>

Future minimum lease payments required under existing leases as of January 3, 2023 are as follows (in thousands):

	Operating Leases	Finance Leases	Total
2023	\$ 38,869	\$ 2,591	\$ 41,460
2024	43,107	2,350	45,457
2025	41,592	1,119	42,711
2026	37,879	37	37,916
2027	33,483	34	33,517
Thereafter	94,198	64	94,262
Total lease payments	<u>289,128</u>	<u>6,195</u>	<u>295,323</u>
Less: Imputed interest	73,227	465	73,692
Present value of lease liabilities	<u>\$ 215,901</u>	<u>\$ 5,730</u>	<u>\$ 221,631</u>

Operating lease payments include \$98.6 million related to options to extend lease terms that are reasonably certain of being exercised and exclude \$17.8 million of legally binding minimum lease payments for leases signed but not yet commenced.

Lease term and discount rate are as follows:

	January 3, 2023	December 28, 2021
Weighted average remaining lease term (years):		
Operating	7.9	8.1
Finance	2.6	3.4
Weighted average discount rate:		
Operating	8.0 %	8.2 %
Finance	6.4 %	6.5 %

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Supplemental disclosures of cash flow information related to leases are as follows (in thousands):

Cash paid for lease liabilities:	2022	2021
Operating leases	\$ 45,158	\$ 42,231
Finance leases	2,391	2,413
	<u>\$ 47,549</u>	<u>\$ 44,644</u>
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 19,584	\$ 15,642
Finance leases	1,346	701
	<u>\$ 20,930</u>	<u>\$ 16,343</u>

13. Supplemental Disclosures to Consolidated Statements of Cash Flows

The following table presents the supplemental disclosures to the Consolidated Statements of Cash Flows for 2022, 2021 and 2020 (in thousands):

	2022	2021	2020
Interest paid (net of amounts capitalized)	\$ 1,500	\$ 1,400	\$ 2,500
Income taxes paid (refunded)	123	106	(66)
Purchases of property and equipment accrued in accounts payable	5,640	5,335	891

14. Commitments and Contingencies

In the normal course of business, the Company is subject to other proceedings, lawsuits and claims. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of January 3, 2023. These matters could affect the operating results of any one financial reporting period when resolved in future periods. The Company believes that an unfavorable outcome with respect to these matters is remote or a potential range of loss is not material to its consolidated financial statements. Significant increases in the number of these claims, or one or more successful claims that result in greater liabilities than the Company currently anticipates, could materially and adversely affect its business, financial condition, results of operations or cash flows.

15. Related Party Transactions

Securities Purchase Agreements

Under the securities purchase agreement with Mill Road Capital II, L.P. (“Mill Road”), if at any time Mill Road owns 10.0% or more of our outstanding common stock, Mill Road has the right to designate one nominee for election to our Board of Directors. If Mill Road’s ownership level falls below 10.0% of our outstanding common stock, Mill Road will no longer have a right to designate a nominee. As of January 3, 2023 and December 28, 2021, Mill Road did not hold a position on the Company’s Board of Directors.

NOODLES & COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Revenue Recognition

Gift Cards

As of January 3, 2023 and December 28, 2021, the current portion of the gift card liability, \$2.4 million and \$2.8 million, respectively, is included in accrued expenses and other current liabilities, and the long-term portion, \$0.7 million and \$0.6 million, respectively, is included in other long-term liabilities in the Consolidated Balance Sheets.

Revenue recognized in the Consolidated Statements of Operations for the redemption of gift cards was \$3.4 million, \$3.2 million and \$3.5 million in 2022, 2021 and 2020, respectively. The Company recognized gift card breakage in restaurant revenue of approximately \$0.5 million, \$0.3 million and \$0.3 million in 2022, 2021 and 2020, respectively.

Franchise Fees

Initial fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 20 years. The Company recognized revenue of \$0.1 million in 2022, 2021 and 2020 related to initial fees from franchisees that were included in the contract liability balance at the beginning of the year. The Company expects to recognize approximately \$0.1 million each fiscal year through fiscal 2027 and approximately \$0.9 million thereafter related to performance obligations that are unsatisfied as of January 3, 2023.

Loyalty Program

The Company operates the Noodles Rewards program, which is primarily a spend-based loyalty program. With each purchase, Noodles Rewards members earn loyalty points that can be redeemed for rewards, including free products. Using an estimate of the value of reward redemptions, we defer revenue associated with points earned, net of estimated points that will not be redeemed. Points generally expire after six months. Revenue is recognized in a future period when the reward points are redeemed. Deferred revenue related to the rewards was \$0.3 million and \$0.4 million as of January 3, 2023 and December 28, 2021, respectively, and was included in accrued expenses and other current liabilities in the Consolidated Balance Sheets.

EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

**DISCLOSURE ADDENDA FOR REGISTRATION STATES AND RIDERS FOR
CERTAIN REGISTRATION STATES**

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDITIONAL DISCLOSURES REQUIRED BY
MARYLAND**

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

Item 5, Additional Disclosures. The following statements are added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the store is opened. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against Noodles & Company, including upon renewal or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

**ADDENDUM TO THE NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Noodles & Company Area Development Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Area Operator was made in the State of Maryland; **(B)** Area Operator is a resident of the State of Maryland; and/or **(C)** part or all of the Development Area is located in the State of Maryland.

2. The following language is added to the end of Section 2.01:

Despite the payment provisions above, we will defer your payment of the Development Fee until you have commenced operating your first Noodles & Company restaurant. You must pay us the full Development Fee on the date you commence operating that Noodles & Company restaurant.

3. The following sentence is added to the end of Sections 3.02 and 7.02(g):

Any provision requiring you to sign a general release of claims against us does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 10.01:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Sections 10.05(b) and 11.03:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. The following sentence is added to the end of Section 11:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective area operator to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met

independently of this Addendum.

9. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

AREA OPERATOR:

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE NOODLES & COMPANY
FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Noodles & Company Franchise Agreement dated _____ between Noodles & Company and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** your Noodles & Company Restaurant will be located or operated in the State of Maryland.
2. The following sentence is added to the end of Sections 3.01, 14.02(h) and 17.01:

Any provision requiring you to sign a general release of claims against us does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.
3. The following language is added to the end of Section 6.01:

Despite the payment provisions above, we will defer your payment of the Franchise Fee until we have fulfilled all initial obligations owed to you under this Agreement and you have commenced operating the Restaurant. You must pay us the Franchise Fee on the date you commence operating the Restaurant.
4. The following sentence is added to the end of Section 19.01:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. The following sentence is added to the end of Sections 19.05(b) and 20.03:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. The following sentence is added to the end of Section 20:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

- 8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this Addendum.
- 9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDA REQUIRED BY
MINNESOTA**

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA**

1. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, Noodles & Company will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a Area Operator be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreements.

2. **Choice of Forum and Law.** The following statement is added to the state cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. **Waiver of Right to Jury Trial.** The following statement is added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial.

**ADDENDUM TO THE NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Noodles & Company Area Development Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Area Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Area Operator was made in the State of Minnesota; **(B)** Area Operator is a resident of the State of Minnesota; and/or **(C)** part or all of the Development Area is located in the State of Minnesota.
2. The following sentence is added to the end of Sections 3.02 and 7.02(g):

Notwithstanding the foregoing, Area Operator will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. Section 6.07(c) is deleted and replaced with the following:

(c) therefore, Noodles & Company shall be entitled, in addition to any other remedies which it may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirements of this Agreement.
4. The following sentence is added to the end of Section 8:

With respect to franchises governed by Minnesota law, Noodles & Company will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that a Area Operator be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreements.
5. The following sentences are added to the end of Sections 10.01, 10.04 and 10.05:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Noodles & Company from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Area Operator’s rights as provided for in Minnesota Statutes, Chapter 80C, or Area Operator’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. The second sentence of Section 10.02 is deleted and replaced with the following:

We may pursue such injunctive relief upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

7. The following sentence is added to the end of Sections 10.05(b) and 11.03:
 Minnesota Statute § 80C.17, Subdivision 5, provides that no action may be commenced pursuant to that Section more than three years after the cause of action accrues.
8. Section 10.05(d) is deleted.
9. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act and the Rules and Regulation promulgated thereunder are met independently of this Addendum.
10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.
11. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

 Date: _____

**ADDENDUM TO THE NOODLES & COMPANY
FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Noodles & Company Franchise Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Area Operator was made in the State of Minnesota; **(B)** Area Operator is a resident of the State of Minnesota; and/or **(C)** your Noodles & Company Restaurant will be located or operated in the State of Minnesota.

2. Section 7.07(c) is deleted and replaced with the following:

(c) therefore, Noodles & Company shall be entitled, in addition to any other remedies which it may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirements of this Agreement.

3. The following sentence is added to the end of Sections 3.01 and 14.02(h):

Notwithstanding the foregoing, Area Operator will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. The following sentence is added to the end of Sections 15 and 17:

With respect to franchises governed by Minnesota law, Noodles & Company will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a Area Operator be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of franchise agreements.

5. The following sentences are added to the end of Sections 19.01, 19.04 and 19.05:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Noodles & Company from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Area Operator’s rights as provided for in Minnesota Statutes, Chapter 80C, or Area Operator’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. The second sentence of Section 19.02 is deleted and replaced with the following sentence.

We may pursue such injunctive relief upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived).

7. The following sentence is added to the end of Sections 19.05(b) and 20.03:
 Minnesota Statute § 80C.17, Subdivision 5, provides that no action may be commenced pursuant to that Section more than three years after the cause of action accrues.
8. Section 19.05(d) is deleted.
9. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act and the Rules and Regulation promulgated thereunder are met independently of this Addendum.
10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

 Date: _____

**ADDENDA REQUIRED BY
NORTH DAKOTA**

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA**

Item 17, Additional Disclosures. The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Further, any provision requiring franchisees to agree to the arbitration or mediation of disputes at a location that is remote from the franchisee's business has been deemed unfair, unjust, or inequitable by the North Dakota Securities Commissioner. Accordingly, the site of arbitration or mediation must be agreeable to all parties.

Notwithstanding the foregoing, on renewal, you are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreements are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

**ADDENDUM TO THE NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Noodles & Company Area Development Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Area Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of North Dakota; **(B)** Area Operator is a resident of the State of North Dakota; and/or **(C)** part or all of the Development Area is located in the State of North Dakota.
2. The following sentence is added to the end of Sections 6 and 9.02:

Covenants not to compete are generally considered unenforceable in the State of North Dakota, except in certain circumstances provided by law.
3. The following sentences are added to the end of Sections 10.01:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Further, any provision requiring franchisees to agree to the arbitration or mediation of disputes at a location that is remote from the franchisee’s or area operator’s business has been deemed unfair, unjust, or inequitable by the North Dakota Securities Commissioner. Accordingly, the site of arbitration or mediation must be agreeable to all parties.
4. The following sentence is added to the end of Section 10.04:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.
5. Sections 10.05(a) and 10.05(d) are deleted.
6. The following sentence is added to the end of Sections 10.05(b) and 11.03:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies.
7. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently of this Addendum.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

9. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

Date: _____

**ADDENDUM TO THE NOODLES & COMPANY
FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Noodles & Company Franchise Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Area Operator was made in the State of North Dakota; **(B)** Area Operator is a resident of the State of North Dakota; and/or **(C)** your Noodles & Company Restaurant will be located or operated in the State of North Dakota.
2. The following sentence is added to the end of Sections 7 and 16.05:

Covenants not to compete are generally considered unenforceable in the State of North Dakota.
3. The following sentences are added to the end of Sections 19.01:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Further, any provision requiring franchisees to agree to the arbitration or mediation of disputes at a location that is remote from the franchisee’s business has been deemed unfair, unjust, or inequitable by the North Dakota Securities Commissioner. Accordingly, the site of arbitration or mediation must be agreeable to all parties.
4. The following sentence is added to the end of Section 19.04:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.
5. Sections 19.05(a) and 19.05(d) are deleted.
6. The following sentence is added at the end of Sections 19.05(b) and 20.03:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies.
7. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently of this Addendum.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

Date: _____

**ADDENDA REQUIRED BY
RHODE ISLAND**

ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF RHODE ISLAND

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO THE NOODLES & COMPANY
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the Noodles & Company Area Development Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Area Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Area Operator was made in the State of Rhode Island; **(B)** Area Operator is a resident of the State of Rhode Island; and/or **(C)** part or all of the Development Area is located in the State of Rhode Island.
2. The following sentence is added to Sections 10.01 and 10.04:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently of this Addendum.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

5. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

Date: _____

**ADDENDUM TO THE NOODLES & COMPANY
FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the Noodles & Company Franchise Agreement dated _____ between Noodles & Company and _____ (“Area Operator”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Area Operator was made in the State of Rhode Island; **(B)** Area Operator is a resident of the State of Rhode Island; and/or **(C)** your Noodles & Company Restaurant will be located or operated in the State of Rhode Island.
2. The following sentence is added to Sections 19.01 and 19.04:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently of this Addendum.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:

By: _____

Print Name: _____

Title: _____

NOODLES & COMPANY:

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST/WITNESS:

AREA OPERATOR:

Date: _____

**ADDENDA REQUIRED BY
VIRGINIA**

**ADDITIONAL DISCLOSURES
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Pursuant to subsections D and E of Rule 21 VAC 5-110-55, and in recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Noodles & Company shall be amended as follows:

1. Additional Disclosures for Item 17.h. The following statements are added to Item 17.h.:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF IT SUPPORT SERVICES AGREEMENT

IT SUPPORT SERVICES AGREEMENT

This IT SUPPORT SERVICES AGREEMENT (“**Agreement**”) is effective as of [], 20[] (the “**Effective Date**”), by and between Noodles & Company, a Delaware corporation having offices at 520 Zang Street, Suite D, Broomfield, CO 80021 (“**Company**”), and [Franchisee name], a [state/entity type] having offices at [Franchisee address] (“**Franchisee**”). Company and Franchisee sometimes are individually each referred to as a “**Party**,” and collectively referred to herein as the “**Parties**.”

WHEREAS, Company and Franchisee are parties to one or more Franchise Agreements (“Franchise Agreements”), pursuant to which Franchisee operates one or more Noodles & Company restaurants;

WHEREAS, Company offers certain restaurant technology support services to its franchisees; and

WHEREAS, Franchisee desires Company to perform such Services for Franchisee’s internal business operations on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the covenants, terms and conditions set forth in this Agreement, the Parties agree as follows:

1. **Term**. Unless earlier terminated as set forth in this Agreement, the term of this Agreement commences on the Effective Date and continues until each Franchise Agreement has expired or been terminated. Each calendar year during the term is referred to as a “**Contract Year**.”

2. **Services**. Subject to Franchisee’s compliance with this Agreement and the Area Development Agreement, Company shall use commercially reasonable efforts to provide to Franchisee the services described in **Schedule A** (the “**Services**”). Franchisee acknowledges and agrees that Company uses third party contractors in performance of the Services and agrees to cooperate with all Company personnel, including such third party contractors, in their performance of Services for Franchisee.

3. **Company Access Rights**. During the Term, Franchisee hereby grants to Company access to Franchisee’s networks, applications and systems as reasonably necessary for Company to perform the Services.

4. **Franchisee Responsibilities**. In addition to any other responsibilities of Franchisee as set forth in this Agreement, Schedule A or the Area Development Agreement, Franchisee has the following responsibilities:

4.1 **Procurement**. Franchisee is solely responsible for procuring, at its sole cost and expense, all equipment, software, applications, permissions, letters of authorization, rights and services required for Company to perform the Services for Franchisee including but not limited to any of the foregoing as may be required in accordance with the Area Development Agreement (collectively, the “**Technology**”). Franchisee also is responsible solely for any costs and expenses associated with communication lines required for Company to access the Technology.

4.2 **Currency**. Franchisee shall maintain the currency of all Technology in accordance with the requirements of Company and shall be solely responsible for purchasing (and the costs

thereof) any updates, upgrades, releases, versions, patches and warranty and maintenance contracts required to maintain the Technology current with such requirements.

4.3 Leased Equipment. Franchisee is solely responsible for procuring, at its sole cost and expense, and reimbursing Company, as applicable, for any leased equipment and shall be required to renew all leases and related maintenance contracts upon renewal.

4.4 Unsupported Modifications. Company desires to maintain a consistent implementation of Technology across all restaurants. Accordingly, Company will not be required to extend Services to any modifications of Franchisee that do not comply with the Company requirements for the Technology.

4.5 Franchisee's Users. Franchisee shall provide knowledgeable and adequately trained users who have full system access and authority should Company need Franchisee's help to research or replicate a reported problem.

4.6 Online Support. Franchisee must maintain at all times an active communications link from Franchisee's Technology to Company's support center in order for Franchisee to receive Services.

5. Designated Support Contacts. A single point of contact for all support Services ("**Designated Support Contact**") shall be designated by Franchisee. The Designated Support Contact shall be the sole individual who may communicate with Company to request and receive the Services on behalf of Franchisee. Franchisee may change the Designated Support Contact upon written notice to Company.

6. Fees; Payment Terms. Company shall invoice Franchisee for fees, costs and expenses as applicable to the Services set forth in **Schedule A**, and Franchisee shall pay such invoiced amount as set forth therein or if no time period is set forth therein, then within 30 days following the date of the invoice. Franchisee acknowledges that Company has the right to suspend the provision of the Services if Franchisee fails to receive the applicable payment from Franchisee when due. The Company shall have the right, from time to time and as it deems necessary in its reasonable discretion to increase the fees for Services at any time, upon thirty days prior written notice to Franchisee. Notwithstanding the foregoing, in no event shall Company increase fees more than once in a twelve (12) month period.

7. Limited Warranties.

7.1 Franchisee. Franchisee represents and warrants to Company that: (a) Franchisee has the authority to enter into this Agreement; (b) Franchisee and its authorized users shall only use the Services for lawful purposes and shall not violate any law of any country or the intellectual property rights of any third party; (c) Franchisee shall obtain or provide any permissions, rights, licenses or approvals required for Company to provide Services with respect to the Technology and to interact with any third party service providers on behalf of Franchisee; and (d) Franchisee shall fully cooperate with, and shall provide any assistance or information requested by, Company and any subcontractors engaged by Company to provide the Services.

7.2 Company. Company represents and warrants that Company has the authority to enter into this Agreement. Company further warrants that Company shall perform the Services in a good and workmanlike manner. Franchisee's sole and exclusive obligation in the event of a breach of the foregoing warranty shall be for Company to re-perform the applicable Services not

in compliance with the warranty, provided Company receives written notice from Franchisee of such breach within thirty (30) calendar days after such Services have been performed.

7.3 Disclaimer. EXCEPT AS SET FORTH ABOVE IN THIS **SECTION 7 (LIMITED WARRANTIES)**, COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY REGARDING OR RELATING TO ANY OF THE SERVICES PROVIDED TO FRANCHISEE UNDER THIS AGREEMENT. COMPANY SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. COMPANY ALSO DOES NOT GUARANTEE THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE.

8. Limitation of Liability. IN NO EVENT WILL COMPANY BE LIABLE FOR ANY LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, COST OF COVER OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND IN CONNECTION WITH OR ARISING OUT OF THE FURNISHING, PERFORMANCE OR USE OF THE SERVICES PERFORMED UNDER THIS AGREEMENT, WHETHER ALLEGED AS A BREACH OF CONTRACT OR TORTIOUS CONDUCT, INCLUDING NEGLIGENCE, EVEN IF FRANCHISEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN ADDITION, COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGES CAUSED BY DELAY IN DELIVERY OR FURNISHING THE SERVICES PERFORMED UNDER THIS AGREEMENT. COMPANY'S LIABILITY UNDER THIS AGREEMENT IS LIMITED TO DIRECT DAMAGES AND SHALL NOT EXCEED AN AMOUNT EQUAL TO THE FEES PAID BY FRANCHISEE TO COMPANY UNDER THIS AGREEMENT DURING THE CONTRACT YEAR IN WHICH THE CLAIM FIRST ACCRUED.

9. Franchisee Indemnity. Franchisee shall indemnify, defend (at Company's sole option and at Franchisee's sole expense) and hold Company and its directors, officers, shareholders, employees, agents and representatives harmless from and against any and all claims, causes of action, liabilities, losses, costs and expenses (including, without limitation, reasonable attorney's fees) arising out of or relating to a breach of this Agreement by Franchisee including but not limited to a failure of Franchisee to comply with its responsibilities under this Agreement.

10. Confidential Information. The confidentiality and non-disclosure obligations under any Area Development Agreement and under the Franchise Agreements also apply to this Agreement.

11. Ownership Rights Reserved. Franchisee shall retain all rights in and to the Technology Franchisee owns, or licenses from a third party, subject to the rights of Company as set forth in any Area Development Agreement and the Franchise Agreements. Company retains all rights in and to the software, hardware and systems it owns, including any software, technology, materials or intellectual property licensed to Franchisee under any Area Development Agreement and the Franchise Agreements. No title, right or ownership of intellectual property or other proprietary rights of Company are transferred to Franchisee under this Agreement.

12. Termination.

12.1 Termination by Company. Company has the right, upon written notice to Franchisee, to suspend and/or terminate this Agreement if: (a) Franchisee fails to pay Company any amount due to Company under this Agreement; (b) Franchisee materially breaches any term or condition this Agreement, including, without limitation, any exhibits, schedules or addenda attached to this Agreement, provided such breach is not cured by Franchisee within thirty (30) calendar days

following Company's notice to Franchisee of such breach; (c) this Agreement becomes commercially unreasonable for Company for any reason as determined by Company; (d) Company elects to discontinue the provision of Services; however, such termination becomes effective only at the end of a Contract Year; or (e) Franchisee (i) terminates or suspends its business activities; (ii) becomes insolvent, makes an assignment for the benefit of creditors, or becomes subject to direct control of a trustee, receiver or similar authority; or (iii) becomes subject to any bankruptcy or insolvency proceeding under federal or state statutes.

12.2 Termination by Franchisee. Franchisee has the right, upon written notice to Company, to terminate this Agreement if Company is in material breach of this Agreement provided such breach is not cured by Company within thirty (30) calendar days following Franchisee's written notice to Company of such breach. Franchisee has the right to terminate this Agreement for any other or no reason upon no less than ninety (90) days written notice to Company, provided that such termination shall not be effective until the end of the then-current Contract Year.

12.3 Obligations Upon Termination or Expiration and Non-Renewal. Upon the expiration and non-renewal or termination of this Agreement for any reason: (a) Franchisee's access to, and use of, Services shall terminate; (b) Franchisee shall pay Company any and all fees, costs and expenses due to Company; and (c) the provisions of this Agreement which by their nature should survive, shall survive termination of this Agreement.

13. Miscellaneous.

13.1 Notices. Any written notice required or permitted to be delivered pursuant to this Agreement shall be made and delivered in accordance with the notice provisions of the Area Development Agreement.

13.2 Assignment. This Agreement only may be assigned or transferred in accordance with an assignment or transfer of the Franchise Agreements.

13.3 Force Majeure. Neither Party shall have any liability to the other or to third parties for any failure or delay in performing any obligation under this Agreement due to circumstances beyond its reasonable control including, without limitation, acts of God or nature, actions of the government, fires, floods, strikes, civil disturbances or terrorism, or power, communications, satellite or non-Company network failures. Notwithstanding the foregoing, nothing contained herein shall excuse Franchisee from paying Company any fees due to Company under this Agreement.

13.4 Waiver. Any waiver or modification of this Agreement shall not be effective unless executed in writing and signed by an authorized representative of Company and Franchisee. The Parties expressly disclaim the right to claim the enforceability or effectiveness of: (a) any amendments to this Agreement that are not executed by an authorized representative of Company; (b) any oral modifications to this Agreement; and (c) any other amendments that are based on course of dealing, waiver, reliance, estoppel or similar legal theory. The Parties expressly disclaim the right to enforce any rule of law that is contrary to the terms of this Section. The failure of Company to enforce, or the delay by Company in enforcing, any of its rights under this Agreement shall not be deemed to be a waiver or modification by Company of any of its rights under this Agreement.

13.5 Severability. If any provision of this Agreement is held to be unenforceable, in whole or in part, such holding shall not affect the validity of the other provisions of this Agreement, unless

Company in good faith deems the unenforceable provision to be essential, in which case Company shall have the right to terminate this Agreement in accordance with **Section 12 (Termination)**.

13.6 Counterparts. This Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same agreement.

13.7 Governing Law; Jurisdiction. This Agreement shall be interpreted and construed in accordance with the governing law provision of the Company's then current form of Franchise Agreement. All disputes arising out of this Agreement shall be resolved in accordance with the dispute resolution provisions of the Company's then current form of Franchise Agreement. Nothing contained herein shall alter or amend any Area Development Agreement or Franchise Agreements and the provisions of these agreements shall remain in full force and effect.

13.8 Non-solicitation. Franchisee acknowledges and agrees that the employees, contractors and consultants of Company who perform the Services or other Company services are a valuable asset to Company and difficult to replace. Accordingly, Franchisee agrees that during the Term and for a period of twelve (12) months after the expiration and non-renewal or termination of this Agreement, Franchisee shall not solicit or attempt to solicit any employee or consultant of Company.

13.9 Entire Agreement. This Agreement (including the Schedules and any addenda hereto signed by both Parties), together with the relevant provisions of any Area Development Agreement and the Franchise Agreements as referenced herein, contains the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all previous communications, representations, understandings and agreements, either oral or written, between the Parties with respect to said subject matter.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written below.

NOODLES & COMPANY

[FRANCHISEE]

By: _____

By: _____

Name (Print): _____

Name (Print): _____

Title: _____

Title: _____

Effective Date _____

Effective Date: _____



Franchise Restaurant Technology Support Plan

Overview

The Noodles & Company Franchise Restaurant Technology Support (RTS) Plan is designed to advance both the operational effectiveness of the Noodles & Company technology ecosystem and the data security posture of franchise restaurants. This Support Offering document is intended to summarize and detail the RTS Plan along with outlining the associated requirements, exclusions and costs. The accompanying contract governs the specific elements of the relationship established between Noodles & Company (N&C) and participating franchisees (FAOs).

Restaurant Technology Support (RTS) Plan (\$1000/restaurant/month) – *services consist of support for the following technologies only:*

- Internet/Phones
 - managed broadband-based internet including managed firewall
 - content filtering for web browsing
 - managed auto-attendant for phones
 - managed network switch
- Aloha (POS)
 - hardware troubleshooting/replacement
 - Aloha back-of-house (BOH) fileserver
 - menu changes
- OLO and Noodles Rewards
- Data Security and PCI
 - security software for BOH fileserver
 - PCI – supporting activities and materials
- Arista wireless for guest WiFi and wireless IDS/IPS
- Restaurant Microsoft365 Email Account
- Restaurant iPad Management

Details and Exclusions

- Contacting N&C IT Support to report a problem or incident:
 - The IT Support team is available from 7am – 10pm MT.
 - For emergencies, the requestor calls the provided 1-800 number.
 - Emergencies are defined as those incidents resulting in a complete inability to serve guests.
 - It is the goal of the IT Support Team to engage for emergencies issues within one hour of receiving a request – the actual time to resolution depends on the incident.
 - For non-emergencies, the requestor sends an email to it-support@noodles.com.
 - Non-emergencies include partial outages, inconveniences, inquiries and ideas.
 - It is the goal of the IT Support Team to engage for non-emergencies within 24 hours and resolve within 3 days.
- Internet/Phones (network updates)
 - The same network solution and managed network provider servicing corporate restaurants will provide similar services to FAO restaurants – managed by N&C IT Support.
 - The network within the restaurant (wiring and configuration) will be updated to the standard installed in all corporate locations.
 - Firewall settings, auto-attendant configuration and content filtering all utilize a standard template. Requested changes will be reviewed and implemented if feasible.
 - Specified phone system includes two handsets.



- Not supported (responsibility of FAO)
 - secondary internet connections
 - traditional telephone lines (aka “copper lines”) – often for alarms, security systems, etc
- Connecting any unapproved devices to the main internet connection or POS-supporting networks may leave N&C unable to provide support.
- Aloha (POS)
 - Menu changes
 - N&C initiated, company-wide changes are included
 - 2 additional changes per FAO, per quarter (if approved by N&C FAO Support)
 - Hardware support
 - NCR Hardware Maintenance is required on the following devices – front-of-house POS terminals, payment terminals, and kitchen display system controllers.
 - For devices under hardware maintenance, N&C will facilitate the process to identify issues, initiate a replacement with NCR if necessary, remotely support installation of replacement hardware and remind the restaurant team of the need to return the failed equipment.
 - FAO is responsible for lost or damaged equipment according to NCR Hardware Maintenance terms and will be billed by NCR accordingly.
 - All other devices (ex. Receipt printer, scanner, back-office printer) are replaced upon failure and the restaurant will be charged accordingly.
 - Aloha (BOH) fileserver
 - N&C will provide the company standard BOH fileserver, monitor, mouse and keyboard – configured with the company standard BOH fileserver image for each FAO restaurant. The cost of the BOH fileserver is included in the monthly support plan fee.
 - The BOH fileserver (leased) will be replaced on a 3-year cycle. The monthly support fee includes the lease cost and the fee may be subject to increase to cover lease cost increases.
 - N&C will maintain a standard warranty/maintenance on the BOH fileserver and associated hardware and will facilitate warranty work if it is necessary. The costs of the standard maintenance/warranty are included in the monthly support fee and subject to increase to cover any increases to such costs.
 - An on-site member of the FAO team will provide hands-on assistance if the BOH fileserver needs to be replaced – either due to failure or the 3-year replacement cycle. N&C will not provide on-site support at FAO locations.
 - The standard image for the BOH fileserver will not allow and does not support the installation of any non-standard programs. Any interest in installing additional programs needs to start with a request to N&C IT Support which will then be reviewed – not necessarily approved.
- OLO and Noodles Rewards
 - incident resolution for online ordering and Rewards/app
 - proactive monitoring for OLO errors and connectivity
 - digital menu (app/web/mobile web) will reflect company-wide menu and restaurant-specific pricing
- Data Security and PCI
 - The BOH fileserver will be installed with Endpoint Detection and Response (EDR) and anti-virus functionality – currently supported by the CrowdStrike Falconhost product but subject to replacement per changes to N&C requirements.
 - The EDR and AV solutions(s) can be installed on additional laptops/PCs/devices (additional cost).
 - Web-based security awareness training will be distributed to all managed email accounts at least annually (often semi-annually) and must be completed within the timeframe specified.
 - N&C will issue a Service Provider Attestation of Compliance (AOC) for support services provided along with a matrix documenting in-scope PCI requirements and extent to which the offering addresses



associated requirements. Similar documentation will be available from other service providers involved in the support provided to FAOs.

- N&C will provide standard templates for policies and procedures required by FAOs to support their PCI compliance; provided, however, it is the sole responsibility of each FAO to determine the accuracy and validity of such policies and procedures as applied to the FAO and the FAO's compliance with such policies and procedures.
- Arista wireless for guest wireless and wireless IDS/IPS
 - N&C will provide one Arista device per restaurant
 - A company standard device profile which provides a guest wifi network and separate network for iPad connectivity will be managed.
 - Rewards-related wifi features will be available to FAOs as they are developed and deployed to company restaurants.
- Restaurant Microsoft365 Email Account
 - N&C will transition the email domain (ex. @noodles.com) of each FAO from the existing provider into the N&C Microsoft Office 365 environment.
 - One email account per restaurant is included in the monthly RTS Plan fee.
 - Additional email accounts can be provided (additional cost).
- Restaurant iPad Management
 - A company standard mobile device management profile can be applied to up to five iPads for accessing The Table and The Binder.
 - The procurement of iPads is the sole responsibility and cost of the FAO.
 - The same profile is applied to all restaurant iPads managed by N&C. N&C will not be able to support iPads if an FAO wants to allow apps or features other than those present in the standard profile.
- "corporate" (central office) systems
 - N&C will not support systems and technology components used by the central offices of FAOs. Examples include accounting systems, payroll, laptops, internet for the office and office printers.

Requirements

- FAO must maintain cyber insurance that meets the minimum requirements as communicated by N&C. FAO shall provide a certificate of insurance reflecting that such coverage is in place upon execution of the IT Support Services Agreement. The FAO is responsible for the decision on which insurance to procure as long as it meets the minimum requirements.
 - N&C must be listed as additional insured
 - Minimum coverage requirements (\$1mil limits – no sub-limits) – N&C may require higher limits based upon FAO scale:
 - Network Security & Privacy Liability
 - Event Management/Breach Response Costs
 - Privacy Regulatory Fines & Penalties
 - PCI-DSS Fines & Penalties
 - Cyber Extortion
 - Business Interruption
 - Data Restoration
- PCI Compliance
 - Security awareness training must be completed within the specified timeframe when distributed to managed email accounts.
 - Each FAO will designate a team member to serve as the primary point-of-contact for security and compliance matters. It is recommended that this individual complete the PCI-P training program to



have the necessary knowledge to execute their role. A discount on the training cost may be available through N&C.

- Each participating FAO, led by the primary compliance contact, will complete the “facilitated SAQ” (Self-Assessment Questionnaire) process annually in-partnership with the auditing partner designated by N&C. The FAO will be invoiced by N&C for the cost of this program.
- As part of the facilitated SAQ process, upon request of N&C, the FAO will identify their merchant level and provide a copy of the completed, validated SAQ to N&C.
- **Connected Payments**
 - Only restaurants implementing Connected Payments according to both NCR and N&C guidelines will be supported. This is a precondition to participating in the RTS Plan.
 - Daily review of settlement activity and sales reconciliations are the responsibility of the FAO.
- **NCR Hardware Maintenance and Aloha Essentials**
 - Each FAO will establish a relationship with the NCR Brand Team for hardware maintenance along with hardware purchases (NROs, equipment failures).
 - Each FAO will subscribe to the Aloha Essentials package for POS software.
 - The FAO will be invoiced directly by NCR for these activities.
- Adherence to the hardware replacement lifecycle followed by the N&C CSO for company-owned restaurants.

Pricing and Cost Considerations – Note that the pricing list below is the estimated pricing for 2020 and that N&C reserves the right to adjust pricing as is deemed appropriate in its reasonable discretion.

- The RTS Plan fee is a fixed monthly cost, subject to increase at the beginning of each contract year.
- All other fees, costs and expenses listed below are estimates and subject to change. FAO is responsible for all actual fees, costs, expenses and increases.

Item	1-Time	Recurring	Notes
RTS Plan		\$1000/rest/month	First payment due on signing; thereafter, invoiced by N&C 30 days in advance of the applicable calendar month and paid in advance of each calendar month.
NCR Hardware Maintenance		\$875/rest/year	<ul style="list-style-type: none"> ● (2020 rates) – invoiced quarterly ● 2 POS terminals ● 2 Verifone MX915 ● 5 KDS stations
NCR Aloha Essentials		\$270/rest/month	<ul style="list-style-type: none"> ● (2020 rate) – invoiced monthly ● Aloha Quickservice POS (3 stations) ● Aloha Connect (OLO) ● Connected Payments ● Aloha Kitchen ● NCR Pulse Realtime
Hardware Replacement	<ul style="list-style-type: none"> ● Scanner - \$300 ● Bump bar - \$125 ● Phone handset - \$80 ● Phone base station - \$80 ● Back office printer - \$250 		Non-warranty items: <ul style="list-style-type: none"> ● replaced at failure ● restaurant invoiced
Hardware Refresh		● Fortinet/firewall - \$1500 (5 yr)	Schedule varies by item
NRO Installation			by N&C preferred install partner
Tech Dispatches	/incident		● by N&C preferred partner

Exhibit A



			• cost variable by incident
Special Projects/Requests			FAO/N&C mutually agreed SOW
Additional email accounts		\$45/user/month	Includes full Microsoft Office 365 license
PC Security Package		\$20/user/month	
Facilitated SAQ		\$3600-8550/year	Per FAO (organization)
Cyber Insurance		\$1-4k/year	Dependent on size

* items invoiced /rest/month through N&C (included for reference)

Item	cost
NCR Aloha Essentials	\$270
Clarifi (labor) *	\$65
eRS (inventory/ordering) *	\$79
OLO	\$114
Noodles Rewards (<i>currently included in Marketing fees</i>)	-
The Table *	\$15
The Binder *	\$16

EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the _____ day of _____, 20__ (the "Effective Date"), by and between _____, a _____ ("Buyer"), _____ (individually and collectively, "Guarantor") and Noodles & Company, a Delaware corporation ("Seller") [**Buyer, Guarantor and Seller may be referred to herein individually as a "Party" and collectively as the "Parties".**]

RECITALS

WHEREAS, Seller is the lessee of certain parcels of real property currently operated as Noodles & Company restaurants in Seller's [_____, _____] Designated Market Area, as described on Exhibit A hereto (each, a "Restaurant" and collectively, the "Restaurants"); and

WHEREAS, Seller desires to sell and transfer to Buyer and Buyer desires to purchase from Seller certain assets concerning the Restaurants, Seller desires to assign and/or sublease to Buyer and Buyer desires to take assignment and/or sublease from Seller certain real property on which the Restaurants are situated, Seller and Buyer desire to enter into a Franchise Agreement (as hereinafter defined) for the operation of each of the Restaurants by Buyer as Noodles & Company restaurants, and Seller and Buyer desire to enter into a Development Agreement (as hereinafter defined) with respect to the opening of new Noodles & Company restaurants by Buyer, all upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Guarantor [**is/are**] [**a/the**] _____ of Buyer and will realize substantial benefit from the transactions contemplated by this Agreement and, as a material inducement for Seller to enter into this Agreement, has agreed to guarantee the obligations of Buyer under this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual covenants, agreements, representations and warranties contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

PURCHASE AND SALE

1.1 Purchase and Sale of Assets. At the Closing (as hereinafter defined), Seller hereby agrees to sell, transfer, convey, assign and deliver to Buyer and Buyer agrees to purchase, acquire and assume from Seller, all of Seller's right, title and interest in and to the assets listed below (collectively, the "Purchased Assets").

(a) **Fixed Assets.** All machinery, equipment, furniture, fixtures, tools, signs and other items of tangible personal property (excluding Inventory (as defined below)) located at the Restaurants and owned by Seller, except for such machinery, equipment, furniture, fixtures, tools, signs and other items of tangible personal property under lease to Seller (the "Fixed Assets").

(b) **Inventory.** All inventories of food products, paper products, operational supplies, disposable items, cleaning materials and other items of consumable and/or expendable materials and supplies in the Restaurants on the Closing Date (as hereinafter defined) (the "Inventory").

(c) **Permits and Licenses.** All permits, licenses, consents and authorizations which are held by Seller for the operation, use and/or ownership of the Restaurants and/or Purchased Assets, but only to the extent that the same are transferable and assignable by Seller to Buyer (the “Permits and Licenses”).

(d) **Change Fund.** Cash in an aggregate amount equal to \$_____ (or other mutually agreeable amount) shall be left in the cash registers of each of the Restaurants immediately prior to the close of business on the Closing Date (the “Change Fund”). The Change Fund for each of the Restaurants shall be shown on the Closing Statement as a payment by Buyer to Seller.

(e) **Contract Rights.** All of Seller’s right, title and interest in and to: (a) any lease or sublease; (b) all contracts set forth on the Schedule of Contracts **EX** for goods or services to the extent related to the operation of the Restaurants as of the Closing Date, if such contracts, leases or commitments are not cancelled by Seller and to the extent same are assignable (the “Assumed Contracts”).

(f) **Leased Property.** A leasehold interest in and to each parcel of real property, together with all buildings, improvements and fixtures thereon, identified on Exhibit B as a “Leased Property” (collectively, the “Leased Properties”), as more particularly provided in Section 1.4(a) below.

(g) **Subleased Property.** A sublease interest in and to each parcel of real property, together with all buildings, improvements and fixtures thereon (except as provided in subsection 1.1 (h) below) identified on Exhibit C as a “Subleased Property” in the event Seller elects a sublease versus an assignment of any lease (collectively, the “Subleased Properties”), as more particularly provided in Section 1.4(b) below. Collectively, the Leased Properties and the Subleased Properties are referred to herein as the “Properties.” The underlying prime leases for the Subleased Properties may be referred to herein collectively as the “Prime Leases.”

(h) **Improvements.** All of Seller’s right, title and interest in and to the improvements, including buildings, located on those Subleased Properties.

(i) **Other Rights.** Any and all of Seller’s rights concerning the Restaurants: (1) to use existing telephone numbers, fax numbers, keys and codes for the security systems, to the extent transferable or assignable, or (2) arising under equipment warranties, building/construction warranties or other warranties, to the extent transferable or assignable (collectively, the “Other Rights”).

1.2 Excluded Assets. The Purchased Assets shall include only the assets expressly listed in Section 1.1 above and shall not include any other assets of any kind, including but not limited to, the following assets of Seller: cash on hand or in banks, other than the Change Fund; checks, drafts or other negotiable instruments; accounts receivable; refunds, insurance proceeds, rebates and credits due; computer software (other than as relates to the POS Equipment (as defined in Section 1.5) in the Restaurants); or executory commitments for the purchase of materials, services or supplies or other real or personal property not directly related to or physically present at the Restaurants (collectively, the “Excluded Assets”).

1.3 Condition of Assets. ALL OF THE PURCHASED ASSETS ARE BEING SOLD AND TRANSFERRED BY SELLER TO BUYER AND PURCHASED BY BUYER FROM SELLER IN “AS IS,” “WHERE IS,” CONDITION AND “WITH ALL FAULTS.” EXCEPT AS OTHERWISE PROVIDED HEREIN (OR IN DOCUMENTS EXECUTED IN ACCORDANCE WITH THIS AGREEMENT), SELLER DISCLAIMS ALL WARRANTIES CONCERNING THE PURCHASED ASSETS, STATUTORY, EXPRESS, AND IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY OTHER WARRANTY OF QUALITY IN RESPECT OF THE PURCHASED ASSETS, AND THERE ARE NO OTHER WARRANTIES, STATUTORY, EXPRESS, OR IMPLIED THAT EXTEND BEYOND THE WARRANTIES CONTAINED IN THIS AGREEMENT OR IN DOCUMENTS EXECUTED IN ACCORDANCE WITH THIS AGREEMENT. Buyer and Guarantor acknowledge and agree that no

representations or warranties have been made by Seller, or by any person, firm or agent acting or purporting to act on behalf of Seller, as to (i) the condition or repair of the Properties or any portion thereof, including any buildings or other improvements located thereon, (ii) the value, expense of operation or income potential of the Properties, (iii) the accuracy or completeness of any title, survey or other information or document provided to Buyer relative to the Properties, or (iv) any other fact or condition which has or might affect the Properties or the condition, repair, value, expense of operation or income potential thereof. At Closing, Buyer agrees to accept the Properties in their “AS IS,” “WHERE IS” condition, WITH ALL FAULTS, known or unknown, patent or latent. Seller and its affiliates shall have no liability for the condition of the Properties from and after the Closing. Buyer and Guarantor each acknowledges that Buyer is a sophisticated business owner in the business of operating restaurants, and that it has had the opportunity to examine the Purchased Assets to its satisfaction in light of the foregoing disclaimers. The disclaimers, acknowledgements and agreements contained in this paragraph 1.3 shall survive Closing.

1.4 Leased Properties and Subleased Properties.

(a) Leases. At Closing, Seller shall assign or sublease to Buyer on a triple net basis each Leased Property for the balance of the current term under the corresponding Prime Lease, along with any remaining renewal options under the Prime Lease. The initial annual rent for each Leased Property will be as set forth on Exhibit B attached hereto. Each assignment of Leased Property shall be substantially in the form attached hereto as Exhibit 1.4(a) (each, an “Assigned Lease” and collectively, the “Assigned Leases”) and tenant’s obligations thereunder shall be guaranteed by Guarantor, pursuant to a guarantee in substantially the form attached as an exhibit to the Lease (each a “Assigned Lease Guarantee” and collectively, the “Assigned Lease Guarantees”).

(b) Subleases.

(i) At Closing, Seller shall sublease to Buyer on a triple net basis each Subleased Property. Except as otherwise provided herein, each sublease of a Subleased Property shall be substantially in the form attached hereto as Exhibit 1.4(b) (each, a “Sublease” and collectively, the “Subleases”) and the term of each Sublease shall be for the balance of the current term under the corresponding Prime Lease. Subtenant’s obligations under each Sublease shall be guaranteed by Guarantor, pursuant to a guarantee in substantially the form attached as an exhibit to the Sublease (each a “Sublease Guarantee” and collectively, the “Sublease Guarantees”). Prior to the Due Diligence Deadline (as defined below), Buyer shall review all Prime Leases and confirm that the amount of term remaining under each such Prime Lease, including renewals, is acceptable to Buyer and its lender.

(ii) Annual base rent for each Subleased Property listed on Exhibit C shall be as set forth under the Prime Lease and shall be payable, in advance, in equal monthly installments, plus any and all additional rent and other amounts and charges due under the corresponding Prime Lease.

(iii) Buyer agrees that the Subleases for those properties of which Buyer is acquiring the improvements pursuant to Section 1.1(h) above shall contain maintenance obligations with respect to such improvements, and Buyer agrees to comply with all such obligations.

1.5 Point of Sale Equipment. Point of Sale equipment (“POS Equipment”) in the Restaurants shall be deemed a Fixed Asset and shall be conveyed to Buyer pursuant to Section 9.3.

1.6 Assumption of Liabilities under Assumed Contracts. At the Closing, Buyer shall assume, discharge, become liable for, and indemnify Seller against, all liabilities and obligations arising after the Closing Date under the Assumed Contracts, but only to the extent such liabilities and obligations are required to be performed and satisfied on or after the Closing Date and excluding liabilities and obligations arising as a result of any breach of or default or failure to perform by Seller under any Assumed Contract on or prior to the Closing Date. At Closing, Guarantor shall guarantee all obligations of Buyer in connection with the Assumed

Contracts in substantially the form of Exhibit 1.6 attached hereto (the “Guarantee”). This provision shall survive Closing.

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to adjustments set forth below, the purchase price (“Purchase Price”) for the Purchased Assets and for the right to lease the Leased Properties and to sublease the Subleased Properties on the terms set forth in Section 1.4 above shall be the sum of: (i) _____ and 00/100 Dollars (\$ _____), which amount (subject to adjustments made in accordance with the provisions of this Agreement) shall be payable by Buyer to Seller at the Closing by wire transfer of immediately available funds to an account designated by Seller (as hereinafter defined); (ii) the value of the Change Fund calculated and payable in accordance with Section 1.1(d) above; and (iii) the value of the Inventory as of the Closing Date, calculated and payable in accordance with Section 2.1(c) below.

(b) The Parties acknowledge that Buyer has deposited with seller an initial deposit on the Purchase Price in the amount of _____ and 00/100 Dollars (\$ _____) (“Initial Earnest Money Deposit”) to be held in escrow. Within two (2) business days following the execution of this Agreement, Buyer shall deposit with Seller, in escrow, an additional deposit on the Purchase Price in the amount of _____ and 00/100 Dollars (\$ _____) (“Additional Earnest Money Deposit”). The Initial Earnest Money Deposit and the Additional Earnest Money Deposit (collectively, the “Earnest Money Deposit”) shall be applied to the Purchase Price at Closing. In the event the transaction contemplated by this Agreement does not close, the Earnest Money Deposit shall be disbursed in accordance with Article XI or as otherwise set forth in this Agreement.

(c) The amount Buyer shall pay Seller for the Inventory shall be determined as follows: two weeks prior to the Closing Date representatives of both Buyer and Seller shall conduct a physical inventory of all items of Inventory at the Restaurants. The value of the Inventory as of such time shall then mutually agreed upon prior to the Closing Date. Promptly after the value of the Inventory has been determined in writing, Seller shall present to Buyer the written document setting forth the Inventory and the value of the Inventory. Buyer shall thereafter have five (5) business days within which to review the written document setting forth the Inventory and the value of the Inventory and the work papers of Seller utilized in calculating same (which will be furnished to Buyer promptly on request) for purposes of verifying the accuracy and fairness of the value of the Inventory. The value of the Inventory determined by Seller shall be binding on Buyer unless Buyer presents to Seller written notice of its disagreement within such five (5) business day period, specifying in reasonable detail, insofar as feasible, the nature and extent of Buyer’s disagreement. If Buyer does not provide to Seller such written notice of disagreement within such time period, Buyer shall, within twenty (20) days after the Closing Date, pay Seller for the Inventory in cash or other immediately available funds. If Buyer does provide to Seller such written notice of disagreement, Buyer shall, concurrently with delivery of such written notice, pay Seller in cash or other immediately available funds for that portion of the value of the Inventory with which Buyer does not disagree. Otherwise, Buyer’s written notice of disagreement shall have no effect, as if it had never been given, and the value of the Inventory determined by Seller shall be binding on Buyer. The Parties agree to use their good faith efforts to resolve such disagreement within fifteen (15) days after Seller receives written notice of such disagreement and partial payment from Buyer, at which time Buyer shall pay Seller for the Inventory in cash or other immediately available funds in accordance with the resolution of such disagreement. In the event that Seller and Buyer cannot mutually agree on the value of the Inventory within such fifteen (15) day period, the value shall be determined by arbitration as provided in Section 13.18. The terms of this paragraph shall survive Closing.

2.2 Franchise and Development Fees. The Purchase Price shall be exclusive of the initial franchise fee due under the Franchise Agreement for each Restaurant listed on Exhibit A to be entered into on or before Closing. Any development fees provided for in the Development Agreement or franchise fees for New Restaurants (as defined below), shall be in addition to the Purchase Price and shall be paid by Buyer to Seller in accordance with the terms of the Development Agreement and the franchise agreements entered into with respect to such New Restaurants. At Closing, Buyer shall pay to Seller a nonrefundable development fee in an amount equal to _____ and 00/100 Dollars (\$_____).

2.3 Prorations and Adjustments. The Purchase Price shall be subject to adjustment at Closing for payments due under the Assumed Contracts, real and personal property taxes and assessments, utilities and other similar items. Rents and other charges paid or due under any Assumed Contract, under the Prime Leases concerning the Subleased Properties and any other expense related to the Properties for the month of Closing will be prorated between Seller and Buyer as of the Closing Date. Buyer shall pay to Seller at the Closing the following amounts: (i) an amount equal to the sum of all prepaid expenses, rentals and deposits (including, without limitation, security deposits but excluding utility deposits) associated with any Assumed Contract, utility service, and/or Prime Lease; (ii) any advance rent (or additional rent) then due and payable to Seller under the Leases or Subleases; (iii) a prorated amount, as of the Closing Date, of all prepaid real and personal property taxes and assessments for the calendar year in which Closing occurs, if any; and (iv) all costs incurred by Seller to copy and/or scan file documents concerning the Properties at Buyer's request ("Copying Costs"), which costs have not been previously reimbursed to Seller. Real and personal property tax and assessment prorations shall be calculated based on the actual amounts of such real and personal property taxes and assessments. Such prorations shall result in an adjustment of the Purchase Price, which shall be mutually agreed to by the parties. If such amounts are not available, the prorations shall be calculated based on the real estate and personal tax and assessment amounts for the prior year, subject to re-proration when the actual amounts become available. In the event that Seller and Buyer cannot mutually agree upon the pro-rated shares of Buyer and Seller under this Section 2.3, such pro-rated shares shall be determined by arbitration as provided in Section 13.18. Seller will cooperate with Buyer in having all utilities switched to Buyer's name and account as of the Closing Date. All costs associated with title insurance, surveys, environmental reviews, inspections, due diligence and similar items shall be paid by Buyer. After Closing, Seller and Buyer agree to reasonably cooperate in good faith to make any adjustments to the prorations made (or which should have been made), including real or personal property tax or utility prorations or payments or any prorations related to the Subleases or the Assumed Contracts, including any amounts shown on the settlement statement executed by Buyer and Seller at Closing, as necessary in order to comply with the terms of this Agreement, any Lease or Sublease or any Assumed Contract. The Parties' rights and obligations under this paragraph shall survive Closing.

2.4 Taxes. Buyer shall pay all Federal, state and local sales, transfer, stamp, and excise taxes and fees applicable to the transactions contemplated by this Agreement. The Purchase Price does not include any applicable federal, state and local taxes, including, but not limited to, tariffs, duties, fees, taxes or other charges which may be payable upon the sale or use of the Purchased Assets, and the payment thereof to the appropriate taxing authority is the sole responsibility of Buyer. If, prior to Closing, Seller or its agent has initiated or completed a challenge, correction, contest or appeal of any tax or assessment concerning any Leased Property or Subleased Property (a "Tax Challenge"), then Buyer shall be responsible for the payment of any fees that become due and payable after Closing in connection with such Tax Challenge.

2.5 Allocation of Purchase Price. Seller and Buyer agree that for U.S. Federal income tax purposes, the Purchase Price shall be allocated as determined by Seller, based on current asset values as mutually agreed upon. Seller and Buyer agree that said allocation of the Purchase Price shall be used by Seller and Buyer in reporting the transactions covered by this Agreement for income tax purposes and that each shall file an Asset Acquisition Statement (Form 8594) with the Internal Revenue Service.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

3.1 Seller represents and warrants and, as applicable, covenants to Buyer (each of which shall be deemed material and independently relied upon by Buyer) as follows:

(a) Seller is duly organized, validly existing and in good standing under the laws of the state of its organization with full power and authority to own its properties and assets and to conduct its business as now conducted or proposed to be conducted.

(b) Seller has the full power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement in accordance with the terms of this Agreement.

(c) Seller has taken all necessary corporate actions to authorize and approve the execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

(d) To Seller's knowledge, (i) there has not occurred any material default under any of the Assumed Contracts on the part of Seller or any of the other parties thereto, and (ii) no event has occurred which, with the giving of notice or the lapse of time or both, would constitute a material default under any of the Assumed Contracts on the part of Seller or any of the other parties thereto.

(e) At Closing, Seller shall convey the Fixed Assets, Inventory, Permits and Licenses and Change Fund free and clear of all liens, security interest and similar encumbrances.

Certain of the representations and warranties of Seller are made "to Seller's knowledge" or refer to what is "known" to Seller or of what Seller is "aware." The Parties hereto agree that the meaning of such expressions shall with respect to Seller in all cases be understood as comprising the actual knowledge and belief of the corporate officers of Seller without any type of additional investigation thereof. Seller hereby covenants and agrees that the foregoing representations and warranties are true and correct as of the date given and shall be true and correct as of Closing unless Seller notifies Buyer in writing otherwise.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER AND GUARANTOR

4.1 Buyer and Guarantor, jointly and severally, represent and warrant to Seller (each of which shall be deemed material and independently relied upon by Seller) as follows:

(a) Buyer and each entity comprising Buyer, if applicable, is duly organized, validly existing and in good standing under the laws of the state of its organization with full power and authority to own its properties and assets and to conduct its business as now conducted or proposed to be conducted.

(b) Buyer has the full power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement in accordance with the terms of this Agreement.

(c) Buyer has taken all necessary corporate actions to authorize and approve the execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement. This Agreement constitutes a legal, valid and binding obligation of Buyer and Guarantor enforceable against Buyer and Guarantor in accordance with its terms.

Buyer and Guarantor each hereby covenants and agrees that the foregoing representations and warranties are true and correct as of the date given and shall be true and correct as of the Closing unless Buyer notifies Seller in writing otherwise.

4.2 FDD. Buyer acknowledges that it has received the information contained in the Noodles & Company Franchise Disclosure Document dated _____, 20__ (the “FDD”). Guarantor, on behalf of Buyer, acknowledged receipt of the FDD in writing on _____. Neither Seller nor any representative or agent of Seller has made any representations or statements of projected or forecasted sales, profits or earnings of the Restaurants or any other Seller restaurants and Buyer acknowledges that future sales, profits and earnings at the Restaurants may be more or less than past sales, profits and earnings. In making its decision to enter into the Franchise Agreements pursuant to this transaction, Buyer has not relied on any information provided by Seller or any other third party other than what is contained in the FDD.

ARTICLE V

COVENANTS OF SELLER AND BUYER

Seller and Buyer each covenants with the other as follows:

5.1 The Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place _____, at the close of business of the Restaurants on the _____ (the “Closing Date”), or such other time and place as Seller and Buyer may agree in writing. Title to the Purchased Assets and possession of the Restaurants shall be transferred and delivered as of 11:59 p.m. on the Closing Date. The obligations of the Parties to close or effect the transactions contemplated by this Agreement will be subject to satisfaction, unless duly waived, of the applicable conditions set forth in this Agreement, and, subject to the Parties’ termination rights expressly set forth herein, if any said condition is not satisfied or waived, the Closing Date shall be extended until satisfaction of such condition. Notwithstanding the foregoing, if the Closing has not occurred on or before _____ (the “Walkaway Date”), then either Buyer or Seller shall have the right at any time after the Walkaway Date, but prior to Closing, to terminate this Agreement pursuant to Section 11.1.

5.2 Conduct of Business Prior to Closing. From the date of this Agreement through and including the Closing Date, Seller shall use commercially reasonable efforts to operate the Restaurants and maintain the Purchased Assets in the usual and ordinary course and substantially in the same manner as heretofore conducted such that at Closing there will exist an appropriate level and mix of Inventory to allow the Restaurants to be open and run normally, unless otherwise consented to or approved by Buyer in writing. In addition, Seller shall maintain the Fixed Assets through the Closing Date in substantially the same condition as they were at the time of the Inspections (as hereinafter defined), normal wear and tear excepted.

5.3 Due Diligence Review.

(a) From the Effective Date through and including the Closings or the date of termination of this Agreement, if earlier, Seller will afford to the officers, attorneys, accountants and other representatives of Buyer, subject to the confidentiality provisions set forth in Section 5.4 below, reasonable access during normal business hours to the following books and records of Seller relating to the Restaurants and the Purchased Assets (collectively, “Seller’s Documents”): information and records with respect to any contracts, leases, permits, non-privileged litigation files, environmental reports, title reports, surveys, and financial statements, including balance sheets, cash flow statements and income statements as of the last fiscal year end and as of a recent month or period end for the current fiscal year, in each case to the extent contained in Seller’s files and related to the Restaurants and the Purchased Assets and reasonably necessary for Buyer to conduct its due diligence; and

(b) Seller has previously provided to Guarantor, on behalf of Buyer, copies of financial statements (the “Financial Statements”) relating to the Restaurants pursuant to a Disclosure of Actual Operating Results for Certain Company–Operated Noodles & Company Restaurants (“Operating Results Disclosure”) and Buyer or Guarantor has executed an Acknowledgement dated _____, 20__ regarding its receipt of the Operating Results Disclosure (“Acknowledgment”). Buyer hereby confirms its acknowledgements and agreements as set forth in the Acknowledgement.

The Financial Statements contain confidential information maintained in the ordinary course of Seller’s business and, to the best of Seller’s knowledge, contain no information which is materially inaccurate; provided, however, that the Financial Statements have been prepared for the Seller’s use and may not reflect certain overhead, administrative or other costs necessary to operate such restaurants by an independent third party. Except as provided in the preceding sentence, Buyer understands and acknowledges that Seller makes no representations or warranties of any nature whatsoever regarding the information contained in the Financial Statements and Buyer assumes all risk and liability for use of this information for any purpose in connection with analyzing the transactions contemplated by this Agreement. Buyer recognizes the nature of the Financial Statements and agrees they do not constitute representations or warranties regarding the potential future performance of the Restaurants. Furthermore, Buyer acknowledges that, because the Financial Statements represent actual operating results, they do not constitute a “financial performance representation” as defined by the FTC Franchise Rule.

(c) If the transaction contemplated by this Agreement fails to close for any reason, Buyer shall return to Seller all documentation, test results, surveys, Financial Statements and other information furnished to Buyer by or on behalf of Seller. Buyer and Guarantor agree, jointly and severally, to reimburse, indemnify and hold Seller harmless from and against any and all damages, injuries, losses, liabilities, claims, demands or liens, including, without limitation, any property damage, personal injury or claim of lien against the Restaurants, resulting from the activities permitted by this Section 5.3 (including, without limitation, reasonable attorneys’ and consultants’ fees and expenses paid or incurred by Seller during litigation, if any), which indemnity shall survive the Closing or earlier termination of this Agreement.

(d) Prior to 5:00 p.m. (Mountain Time) on the Due Diligence Deadline, Buyer shall have the right to inspect the Restaurants and Purchased Assets to determine if the Fixed Assets are in satisfactory working condition (the “Inspections”). Buyer shall coordinate all Inspections with Seller through a designated representative of Seller and, unless otherwise expressly agreed by Seller, all Inspections shall be performed in the presence of a designated representative of Seller. Buyer shall, prior to 5:00 p.m. (mountain time) on the Due Diligence Deadline, notify Seller in writing of any fixed assets that are not in satisfactory working conditions (“Inspection Objections”), otherwise, Buyer shall be deemed to have no Inspection Objections. If Seller cannot or elects not to cure the Inspection Objections prior to the Closing Date, Buyer will have the option of either accepting the condition of the Restaurants and Fixed Assets as they exist or terminating this Agreement on or before the Closing Date, in which event the Earnest Money Deposit (less the Copying Costs, and one-half of the costs of any escrow fees) shall be returned to Buyer without any further liability to either Party, except those obligations, if any, that survive termination of this Agreement.

(e) Buyer shall have the right to terminate this Agreement on or before 5:00 p.m. (mountain time) on the Due Diligence Deadline if Buyer is not satisfied for any reason with its due diligence investigation of the Restaurants and the Purchased Assets; provided, however, that Buyer’s right to terminate this Agreement due to Inspection Objections shall be governed by the provisions of Sections 5.3(d), 5.3(f), and 5.3(g) above. Buyer shall exercise such termination right by delivering written notice thereof to Seller, including a description of the specific reasons for terminating this Agreement, on or before 5:00 p.m. (mountain time) on the Due Diligence Deadline, in which event the Earnest Money Deposit (less the costs of the Copying Costs and one-half of the costs of any escrow fees) shall be returned to Buyer without any further liability to either Party, except those obligations, if any, that survive termination of this Agreement. Should Buyer fail to provide Seller with such written notice of its election to terminate this Agreement on or before 5:00 p.m. (mountain time) on the Due Diligence Deadline, then Buyer shall be deemed to be satisfied with the above

items and its due diligence and, subject to the satisfaction of the conditions of closing specified in Articles VI and VII, Buyer shall close and settle this transaction pursuant to the terms of this Agreement.

(f) Prior to such time Buyer or any agent, consultant or contractor of Buyer enters the property of any Restaurant to conduct any physical inspection or survey, Buyer shall provide Seller with reasonable evidence that such Buyer or any such agent, consultant or contractor has commercial general liability insurance covering all entry onto such property with limits of not less than One Million and 00/100 Dollars (\$1,000,000) combined single limit for personal injury and property damage, which policy of insurance shall name Seller as an additional insured.

(g) **[Only if LOI allows financing as a contingency]** Buyer shall have the right to terminate this Agreement on or before 5:00 p.m. (mountain time) on _____ if it has not been able to secure commitments for financing, at market rates, from one or more banks or other institutional lenders to consummate the transactions contemplated by this Agreement (the “Financing Commitments”) by the Due Diligence Deadline; provided that Buyer shall use its best efforts to timely obtain such Financing Commitments, time being of the essence. Buyer shall exercise such right of termination by delivering written notice thereof to Seller on or before the Due Diligence Deadline, in which event the Earnest Money Deposit (less the costs of any title insurance expenses, the Copying Costs and one half of the costs of any escrow fees) shall be returned to Buyer without any further liability to either Party, except those obligations, if any, that survive termination of this Agreement.

5.4 Employees.

(a) Subject to Seller’s right to hire or retain any restaurant level employees at the Restaurants, Buyer shall have the right to make offers of employment to restaurant level employees (general manager and below) at the Restaurants. Those management employees and all hourly employees employed at the Restaurants not to be retained by Seller and not to be provided offers of employment by Buyer shall be terminated by Seller effective as of the Closing Date. Prior to the Closing, Buyer shall not contact any Restaurant employees until Seller grants Buyer permission in writing to do so. After Seller’s written permission, Buyer may discuss offers of employment with those employees not to be retained by Seller after the Closing Date and shall have the right at that time to offer employment to such employees of Seller. Seller will cooperate with Buyer to allow for the orderly transfer of employees from Seller to Buyer.

(b) Notwithstanding anything contained in Section 5.4(a) above, Buyer agrees that (i) subject to the terms and conditions of the Franchise Agreements, Buyer shall continue the operations without interruption of all of the Restaurants after the Closing Date, and (ii) on the Closing Date it will offer employment to that number of the employees employed by Seller at the Restaurants immediately prior to the Closing Date, on terms comparable to their then current terms of employment, so that the aggregate number of Seller’s former employees not offered employment and/or hired by Buyer at the Restaurants after Closing shall not trigger a duty on the part of Seller to give notice to such employees under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§2101 et seq. (hereinafter referred to as “WARN”) or any state plant closing law. The Parties acknowledge and agree that it is their intent under this Section 5.4 to have Buyer continue the employment of Seller’s employees at the Restaurants in sufficient numbers to the end that if the Restaurants, or any part of them, constitute a single site of employment for purposes of WARN, the requirement of giving any notification pursuant to §2101(b) (1) of WARN is that of Buyer.

The provisions of this Section 5.4 shall survive Closing.

5.5 Confidentiality. Except as provided in Sections 5.3 and 5.4, Buyer shall not disclose to anyone, including without limitation, any employee of Seller, including but not limited to employees at the Restaurants or any employee of any vendor of Seller, without Seller’s prior written consent, the existence or nature of the transactions contemplated by this Agreement or any other information, in whatever form, regarding Seller’s business, including without limitation, Seller’s trade secrets, plans, information, ideas,

concepts, designs, inventions, financial information and the like, whether or not relating to this transaction or more generally to Seller's past, present or future research, development, business, financial and commercial operations ("Proprietary Information"). All Proprietary Information heretofore and hereafter furnished by Seller to Buyer in connection with this Agreement or the transactions contemplated by this Agreement shall be kept confidential by Buyer and Guarantor and Buyer's officers, attorneys, accountants, and representatives, shall not be used by Guarantor, Buyer or Buyer's officers, attorneys, accountants and representatives except in connection with this Agreement and the transactions contemplated by this Agreement, and shall not be divulged or revealed to anyone without Seller's prior written consent. For purposes of this Section 5.5, Proprietary Information shall not include information that (i) already is known to Buyer and Guarantor when received, (ii) thereafter becomes lawfully obtainable from other sources, (iii) is required to be disclosed in any document filed by Seller or its affiliates with the Security and Exchange Commission or any other agency of any government, or (iv) is otherwise required to be disclosed pursuant to any federal or state law, rule or regulation or by any applicable judgment, order or decree of any court or by any governmental body or agency having jurisdiction after Buyer and Guarantor have given reasonable prior written notice to Seller of the pending disclosure of any such information. In the event that the transactions contemplated by this Agreement shall fail to be consummated for any reason whatsoever, Buyer and Guarantor shall promptly return to Seller, without making or retaining copies thereof, all Proprietary Information, including, without limitation, all documents, records, notebooks, computer disks or other repositories of any kind containing Proprietary Information, and shall certify in writing that all such Proprietary Information has been returned. Buyer and Guarantor acknowledge and agree that Seller's remedy at law for any breach of Buyer's or Guarantor's obligations hereunder would be inadequate, and that Seller shall have the right to seek and obtain temporary and permanent injunctive relief in any court proceeding to enforce this covenant regarding confidentiality without the necessity of proof of actual damage and the necessity of posting a bond. However, nothing contained herein shall in any way affect Seller's rights and remedies afforded by law and/or in equity, and Seller shall retain the right to recover such damages as it may have sustained by reason of any breach hereof. The obligations under this Section 5.5 are in addition to the obligations of Buyer under the Confidentiality Agreement dated _____, 20__ from Guarantor to Seller ("Confidentiality Agreement").

5.6 Miscellaneous Agreements. Subject to terms and conditions herein provided, each Party shall use its commercially reasonable best efforts to take or cause to be taken, all action and to do or cause to be done, all things necessary, appropriate or desirable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

5.7 Insurance. Between the date of this Agreement and the Closing Date, Seller shall continue in force its existing insurance policies with respect to the Restaurants and the Purchased Assets.

5.8 Beverage Agreements and Equipment. Prior to Closing, Buyer agrees to enter into the following beverage marketing agreements and to provide Seller with written confirmation thereof: Coca-cola Franchisee Beverage Marketing Agreement. At the Closing, Seller shall assign to Buyer all of Seller's rights under the lease with Coca-cola with respect to such Beverage Equipment and Buyer shall assume from Seller all rights and obligations as lessee of the Beverage Equipment.

5.9 Business Plan. Buyer shall deliver to Seller, for Seller's approval, within thirty (30) days after the Effective Date, a detailed marketing and business plan with respect to the Restaurants and the New Restaurants (the "Business Plan"), which shall include a description of Buyer's sources of financing, financing terms (including copies of all commitment letters), amount of equity investment, organization and management structure, and a five and a three-year financial and operational forecast. In addition, Buyer will provide Seller with personal and other financial statements and such other information necessary to demonstrate the ability of Buyer or any entity of which Guarantor is a principal to operate and to meet its development and remodel obligations, if any, in the market in which the Restaurants are located and in all markets where Buyer or any entity of which Guarantor is a principal operates. Seller's approval of the foregoing business plan and of Guarantor to demonstrate its ability to fulfill its obligations under this Agreement are conditions of Seller to Closing.

5.10 Bulk Sales Act. It will not be practicable to comply or to attempt to comply with the procedures of the bulk sales or similar laws (if any) of the state in which the Purchased Assets are located on the Closing Date. Accordingly, Seller hereby agrees to defend, indemnify and hold Buyer harmless from and against any and all costs, losses, liabilities, claims and expenses (including reasonable attorneys' fees) arising out of or resulting from the failure of Buyer or Seller to comply with or perform any actions in connection with the provisions of any such law.

5.11 Franchise Agreements and Development Agreement. At or before Closing, Buyer, as franchisee, shall enter into Seller's current form Franchise Agreement (including any and all Addenda thereto) as set forth in the FDD for each of the Restaurants (each, a "Franchise Agreement" and collectively, the "Franchise Agreements"), each of which agreements will provide for a ____ percent (____%) royalty rate. Each of the Franchise Agreements shall also have a corresponding guarantee issued by Guarantor in substantially the form as attached to the FDD (collectively, the "Franchise Agreement Guarantees"). At or before Closing, Buyer shall also enter into a Development Agreement with Seller substantially in the form set forth in the FDD (the "Development Agreement"), which shall require the development of _____ new Noodles & Company restaurants located in the _____, _____ Designated Market Area described in Exhibit 5.11.2 attached hereto (each, a "New Restaurant" and collectively, the "New Restaurants"), in accordance with the development schedule attached to this Agreement as Exhibit 5.11.3 or as otherwise agreed to in writing by the Parties.

5.12 Eminent Domain/Casualty.

(a) If, prior to Closing, any material portion of a Leased or Subleased Property is taken by, becomes subject to proceedings for, or is voluntarily sold under threat of, eminent domain (a "Taking"), such that such property would no longer be reasonably suitable for the operation of a Noodles & Company restaurant, Seller shall notify Buyer thereof and either Buyer or Seller may terminate this Agreement only insofar as it relates to such Leased or Subleased Property upon notice given to the other Party within ten (10) days after such notice of Taking from Seller, and the Purchase Price shall be equitably adjusted as determined by Buyer and Seller. If, following a Taking, neither Buyer nor Seller elects to terminate this Agreement as to such property in accordance with this Section, then: (a) there shall be no reduction of the Purchase Price as a result of such Taking, (b) Seller shall pay to Buyer all proceeds theretofore or thereafter received by Seller with respect to such Taking, (c) Seller shall assign to Buyer all rights of Seller in and to such Taking proceeds, (d) Buyer shall accept such property at Closing in its then present "as is" condition, and (e) in no event shall the Closing be delayed as a result of such Taking. In the event of a Taking of all or a portion of a Subleased Property that results in termination of the Prime Lease for such Subleased Property prior to Closing, then this Agreement shall terminate only insofar as it relates to such Subleased Property, and the Purchase Price shall be equitably adjusted as determined by Buyer and Seller.

(b) If, prior to Closing, any Restaurant shall be damaged or destroyed and the cost of repair or replacement is estimated by Seller to be \$10,000.00 or more, then, unless Seller elects to repair such damage or destruction at its expense prior to Closing, the Purchase Price shall be equitably adjusted as determined by Buyer and Seller after taking into account the assignment by Seller to Buyer of any insurance proceeds to be received by Seller for Buyer to repair such damage or destruction after Closing. If, prior to Closing, any Restaurant shall be damaged or destroyed and the cost of repair or replacement is estimated by Seller to be less than \$10,000.00, then Seller shall repair such damage or destruction at its expense within a reasonable period of time, and completion of such repairs shall not be a condition to, or a reason for delay of, the Closing.

ARTICLE VI

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER, BUYER AND GUARANTOR

The respective obligations of each Party to effect the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions set forth below. In the event any condition is not satisfied as aforesaid, Seller shall have the right to extend the time for Closing for up to sixty (60) days.

6.1 Litigation. Neither Seller nor Buyer shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction that enjoins or prohibits the consummation of the transactions contemplated by this Agreement.

6.2 Landlord Consents; Estoppels and Waivers. All required consents to the Assignment of Lease Properties or Subleases required from landlords shall have been obtained.

ARTICLE VII

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to effect the transactions contemplated by this Agreement shall be subject to fulfillment or waiver at or prior to the Closing Date of the following conditions set forth below. In the event any condition is not satisfied as aforesaid, Seller shall have the right to extend the time for Closing for up to sixty (60) days.

7.1 Performance of Obligations. Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date.

7.2 Inspection Objections. All Inspection Objections that Seller is obligated hereunder to correct shall have been corrected to Buyer's reasonable satisfaction, unless waived by Buyer.

7.3 Documents. Buyer shall have received the documents specified in Article IX of this Agreement.

7.4 Franchisee Approval. Buyer shall have been approved, in Seller's sole discretion, as a Noodles & Company franchisee or, if Buyer already is a Noodles & Company franchisee, Buyer shall have been approved, in Seller's sole discretion, for expansion; provided that, as a condition precedent to Seller's consideration as to whether to grant such approval, Buyer shall have delivered to Seller all documentation and information requested by Seller.

7.5 Representations. All representations and warranties of Seller in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

ARTICLE VIII

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to effect the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver at or prior to the Closing Date of the following conditions set forth below. In the event any condition is not satisfied as aforesaid, Seller shall have the right to extend the Closing for up to sixty (60) days.

8.1 Performance of Obligations. Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date.

8.2 Documents. Seller shall have received the documents specified in Article X of this Agreement.

8.3 Business Plan. Seller shall have received the Business Plan, in form and substance reasonably satisfactory to Seller, and all such other information required under Section 5.9 above, all of which shall be satisfactory to Seller.

8.4 Franchisee Approval. Buyer shall have been approved, in Seller's sole discretion, as a Noodles & Company franchisee or, if Buyer already is a Noodles & Company franchisee, Buyer shall have been approved, in Seller's sole discretion, for expansion. As a condition precedent to Seller's consideration as to whether to grant such approval, Buyer shall have delivered to Seller all documentation and information requested by Seller.

8.5 Representations. All representations and warranties of Buyer in this Agreement shall be true on and as of the Closing Date.

ARTICLE IX

DOCUMENTS TO BE DELIVERED BY SELLER

At Closing, Seller shall deliver to Buyer the following documents duly executed by Seller:

9.1 Leases. The Leases.

9.2 Subleases. The Subleases.

9.3 Bill of Sale. A bill of sale conveying ownership of the Fixed Assets, Inventory, Permits and Licenses and Change Fund in the form attached hereto as Exhibit 9.3 (the "Bill of Sale").

9.4 Assumption Agreement. An assignment and assumption agreement assigning the Assumed Contracts and the Other Rights to Buyer in the form attached hereto as Exhibit 9.4 (the "Assumption Agreement").

9.5 Other Instruments of Transfer. Such other instruments of assignment or transfer as shall be reasonably requested by Buyer to confirm and vest in Buyer ownership of all of the Purchased Assets and other documents and instruments as required by the terms and conditions of this Agreement.

9.6 Consents to Assignments. To the extent obtained, copies of all consents of third parties that are necessary to effect the transfer from Seller to Buyer of any of the Purchased Assets and to consummate the transactions contemplated by this Agreement.

9.7 Affidavits. A FIRPTA Affidavit and such other affidavits or certificates as are reasonably required by the Title Company to insure Buyer's leasehold interest in the Leased Property and the Subleased Properties as required under this Agreement, in form reasonably agreeable to Seller. Buyer shall provide a copy of any and all required affidavits to Seller for review and approval on or before the time Buyer's Title Objections are due.

9.8 Franchise Agreements. The Franchise Agreements.

9.9 Development Agreement. The Development Agreement.

9.10 Other Documents. An IRS Form 1099 and such other documents as shall be reasonably requested by Buyer and its counsel or required to be delivered pursuant to this Agreement.

ARTICLE X

DOCUMENTS TO BE DELIVERED BY BUYER

At Closing, Buyer shall deliver to Seller the following documents duly executed by Buyer:

10.1 Leases. The Leases and the Lease Guarantee.

10.2 Subleases. The Subleases and the Sublease Guarantee.

10.3 Assumption Agreement. The Assumption Agreement.

10.4 Bill of Sale. The Bill of Sale.

10.5 Franchise Agreements. The Franchise Agreements.

10.6 Franchise Agreement Guarantees. The Franchise Agreement Guarantee.

10.7 Development Agreement. The Development Agreement.

10.8 Guarantee. The Guarantee.

10.9 Other Documents. Such other documents as shall be reasonably requested by Seller, the Title Company, or as otherwise required to be delivered pursuant to this Agreement.

ARTICLE XI

TERMINATION

11.1 Events of Termination. In addition to the other termination rights set forth in this Agreement, this Agreement may be terminated, without liability on the part of the terminating Party to the other Party, at any time before the Closing Date: (i) by mutual consent of Buyer, Guarantor and Seller; (ii) by Buyer if any of the conditions precedent found in Articles VI or VII of this Agreement shall have become incapable of fulfillment by the Closing Date through no fault of Buyer and provided Buyer has proceeded with reasonable diligence and has not waived the same; (iii) by Seller if any of the conditions precedent found in Articles VI or VIII of this Agreement shall have become incapable of fulfillment by the Closing Date through no fault of Seller and have not been waived in writing by Seller; (iv) by Buyer if there is a breach of or failure by Seller to perform in any material respect any of the representations, warranties, commitments, covenants or conditions under this Agreement, which breach or failure is not cured after written notice thereof is given to Seller and prior to the Closing Date; (v) by Seller if there is a breach of or failure by Buyer or Guarantor to perform in any material respect any of the representations, warranties, commitments, covenants or conditions under this Agreement, which breach or failure is not cured after written notice thereof is given to the Buyer and prior to the Closing Date; or (vi) by Buyer or Seller at any time after the Walkaway Date if the Closing has not theretofore occurred. In the event of termination and abandonment by any Party as above provided in clauses (ii), (iii), (iv), (v), or (vi) of this Section, written notice shall forthwith be given to the other Party, which notice shall clearly specify the reason of such Party for terminating this Agreement. In the event this Agreement is terminated pursuant to clause (iii) of this Section involving fault by Buyer or clause (v) of this Section, Seller shall be entitled to retain the Earnest Money Deposit. In the event this Agreement is terminated pursuant to any other clause of this Section, the Earnest Money Deposit (less the cost of title expenses, Copying Costs, and one-half of the cost of any escrow fees) shall be returned to Buyer.

11.2 Survival After Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as permitted herein, then this Agreement shall become null and void and of no further effect, except for the provisions of Sections 5.3(c), 5.3(g), 5.5, 11.1, 11.2, 12.1, 13.2, 13.6, 13.7, 13.10, 13.13, 13.14, 13.15, 13.16, 13.17 and 13.20 of this Agreement and as may otherwise be provided herein, which shall survive the termination of this Agreement; provided, however, that such termination shall not affect the right of any Party (a) to bring an action against another Party for a breach occurring prior to the termination or for a wrongful termination, (b) to bring an action based on a misrepresentation or breach of warranty under this Agreement, or (c) to be indemnified under Article XII with respect to any Damages (as defined in Article XII) attributable to any such breach or misrepresentation.

ARTICLE XII

INDEMNIFICATION

12.1 Indemnification.

(a) **By Seller.** In addition to the indemnification provided in Section 5.10 of this Agreement, by execution of this Agreement, Seller hereby agrees to indemnify Buyer and its successors and assigns and hold them harmless against and in respect of:

(i) any and all losses, liabilities, costs, expenses or damages (including without limitation judgments and settlement payments) incurred by any of them directly or indirectly incident to, arising in connection with or resulting from or relating to any material misrepresentation, breach or nonperformance of any representation, warranty or covenant by Seller made or contained in this Agreement or in any Exhibit or certificate executed and delivered to Buyer under or pursuant to this Agreement or the transactions contemplated herein;

(ii) any and all losses, liabilities, costs, expenses or damages (including without limitation judgments and settlement payments) incurred by them directly or indirectly incident to, arising in connection with, resulting from or relating to third-party claims for products liability, personal injury or employment matters, but only to the extent such claims arise out of incidents related to the operations of the Restaurants and occurring prior to the Closing Date;

(iii) any tax liability of Seller (including, without limitation, liabilities for taxes, interest, penalties, governmental charges, duties, fees, and fines imposed by the United States, foreign countries, states, counties, municipalities, and subdivisions, and by all other governmental entities or taxing authorities), except to the extent that such tax is allocated to Buyer under this Agreement;

(iv) the costs of any remediation or clean-up of Hazardous Materials (as defined herein) at any Leased or Subleased Property done in accordance with and to the extent required in an order by any governmental or regulatory authority having jurisdiction, but subject to Seller's right to contest such order in good faith, and only to the extent the release of such Hazardous Materials was caused by Seller prior to Closing. As used herein the term "Hazardous Materials" shall mean any substances or materials defined as "hazardous substances," "hazardous air pollutant," "hazardous materials," "hazardous wastes," "toxic chemicals," "petroleum or petroleum products," "toxics," "hazardous chemicals" or "extremely hazardous substances," as defined in any applicable federal, state or local law, regulation or ordinance relating to human health or the environment; and

(v) any and all costs, expenses and all other actual damages incurred by Buyer in claiming, contesting or remedying any breach, misrepresentation, non-performance or other matter described in subsections 12.1(a)(i) through (iv) above, or in enforcing its right of indemnification hereunder, including, by way of illustration and not limitation, all reasonable legal, accounting and other professional fees and

expenses, filing fees, collection costs and all fees, costs and expenses incurred in defending claims which, if successfully prosecuted, would have resulted in Damages (as defined herein).

(b) **By Buyer and Guarantor.** In addition to the indemnification provided in Section 5.3(c) herein, by execution of this Agreement, Buyer and Guarantor, jointly and severally, agree to indemnify Seller, its affiliates and each of said entities' predecessors, successors and assigns and hold them harmless from and against and in respect of:

(i) any and all losses, liabilities, costs, expenses or damages (including without limitation judgments and settlement payments) incurred by them directly or indirectly incident to, arising in connection with or resulting from or relating to any material misrepresentation, breach or non-performance of any representation, warranty or covenant by Buyer or Guarantor made or contained in this Agreement or in any Exhibit or certificate executed and delivered to Seller under or pursuant to this Agreement or the transactions contemplated herein;

(ii) any and all losses, liabilities, costs, expenses or damages (including without limitation judgments and settlement payments) incurred by them directly or indirectly incident to, arising in connection with, resulting from or relating to any liabilities assumed by Buyer pursuant to this Agreement; and

(iii) any and all costs, expenses and all other actual damages incurred by them in claiming, contesting or remedying any breach, misrepresentation, non-performance or other matter described in subsection 12.1(b)(i) or (ii) above, or in enforcing their right of indemnification hereunder, including, by way of illustration and not limitation, all reasonable legal, accounting and other professional fees and expenses, filing fees, collection costs and all fees, costs and expenses incurred in defending claims which, if successfully prosecuted would have resulted in Damages (as defined herein).

(c) **Damages.** Any and all of the items set forth in Sections 12.1(a) and 12.1(b) for which a Party is entitled to be indemnified hereunder are called "Damages."

(d) **Initial Claim Notice.** When a Party becomes aware of a situation which may result in Damages for which it would be entitled to be indemnified hereunder, such Party (the "Indemnitee") shall submit a written notice (the "Initial Claim Notice") to the other Party or Parties (the "Indemnitor") to such effect within thirty (30) days after it first becomes aware of such matter and shall furnish the Indemnitor with such information as it has available demonstrating its right or possible right to receive indemnity. If the potential claim is predicated on, or later results in, the filing by a third party of any action at law or in equity (a "Third Party Claim"), the Indemnitee shall provide the Indemnitor with a supplemental Initial Claim Notice not later than ten (10) days prior to the date on which a responsive pleading must be filed, and shall also furnish a copy of such claim (if made in writing) and of all documents received from the third party in support of such claim. Every Initial Claim Notice shall, if feasible, contain a reasonable estimate by the Indemnitee of the losses, costs, liabilities and expenses (including, but not limited to, costs and expenses of litigation and attorneys' fees) which the Indemnitee may incur. In addition, each Initial Claim Notice shall name, when known, the person or persons making the assertions which are the basis for such claim. Failure by the Indemnitee to deliver an Initial Claim Notice or an update thereof in a timely manner shall not relieve the Indemnitor of any of its obligations under this Agreement except to the extent that actual monetary prejudice to the Indemnitor can be demonstrated, including, without limitation, prejudice due to failure to provide notice to applicable insurers.

(e) **Rights of Indemnitor.** If, prior to the expiration of thirty (30) days from the mailing of an Initial Claim Notice (the "Claim Answer Period"), the Indemnitor shall request in writing that such claim not be paid, the same shall not be paid, and the Indemnitor shall settle, compromise or litigate in good faith such claim, and employ attorneys of its choice to do so; provided, however, that Indemnitee shall not be required to refrain from paying any claim which has matured by court judgment or decree, unless appeal is taken therefrom and proper appeal bond posted by the Indemnitor, nor shall it be required to refrain from

paying any claim where such action would result in the foreclosure of a lien upon any of its assets or a default in a lease or other contract except a lease or other contract which is the subject of the dispute. If the Indemnitor elects to settle, compromise or litigate such claim, all reasonable expenses, including but not limited to all amounts paid in settlement or to satisfy judgments or awards and reasonable attorney's fees and costs, incurred by the Indemnitor in settling, compromising or litigating such claim shall be secured to the reasonable satisfaction of Indemnitee. Indemnitee shall cooperate fully to make available to the Indemnitor and its attorneys, representatives and agents, all pertinent information under its control. Indemnitee shall have the right to elect to settle or compromise all other contested claims with respect to which the Indemnitor has not, within the Claim Answer Period, acknowledged in writing (i) liability therefore, and (ii) its election to assume full responsibility for the settlement, compromise, litigation and payment of such claim.

(f) **Final Claims Statement.** At such time as Damages for which the Indemnitor is liable hereunder are incurred by Indemnitee by actual payment thereof or by entry of a final judgment, Indemnitee shall forward a Final Claims Statement to the Indemnitor setting forth the amount of such Damages in reasonable detail on an itemized basis. Indemnitee shall supplement the Final Claims Statement with such supporting proof of loss (e.g. vouchers, canceled checks, accounting summaries, judgments, settlement agreement, etc.) as the Indemnitor may reasonably request in writing within thirty (30) days after receipt of a Final Claims Statement. All amounts reflected on Final Claims Statements shall be paid promptly by Indemnitor to Indemnitee.

(g) **Limitations on Indemnification.**

(i) **Time Limitation.** The provisions of this Article XII shall survive Closing. Notwithstanding the foregoing, Seller shall not be liable to indemnify Buyer following the Closing Date for Damages arising out of any misrepresentation, breach or inaccuracy of any representation or warranty unless Buyer delivers an Initial Claim Notice to Seller of its claim for indemnification hereunder prior to the end of the applicable survival period set forth in Section 13.22.

(ii) **Minimum Dollar Limit on Indemnification.** Neither Seller nor Buyer shall be liable for a claim for Damages hereunder unless and until the aggregate Damages incurred by the other Party exceeds the sum of Ten Thousand Dollars (\$10,000) (the "Threshold Amount"), in which event the Indemnitor shall indemnify the Indemnitee in accordance with this Article XII for all Damages arising hereunder in excess of the Threshold Amount.

(h) **Exclusive Remedy.** The remedies provided for in this Article XII are exclusive and shall be in lieu of all other remedies for any breach of any representation, warranty, covenant, obligation or other provision of this Agreement; provided, however, that the foregoing clause of this sentence shall not be deemed a waiver by any Party of any right to specific performance or injunctive relief.

ARTICLE XIII

MISCELLANEOUS

13.1 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the corporate Parties and their respective successors and permitted assigns and of the individual Parties and their respective heirs, personal representatives and permitted assigns.

13.2 Publicity. Subject to the other provisions of this Agreement, press releases and other publicity materials relating to the transactions contemplated by this Agreement shall be released by the Parties only after review and with the consent of the other Parties; provided, however, that Seller shall have the right to disclose the execution of this Agreement and the basic terms and conditions of this Agreement (but shall not disclose the names of the Guarantor without Buyer's prior written consent) at any time prior to Closing if advised to do so by its legal counsel in connection with the reporting and disclosure obligations of Seller under the federal

securities laws and/or the NASDAQ, and Seller shall have the right to issue press releases concerning this transaction at any time after Closing in Seller's discretion. Notwithstanding the foregoing, Seller may disclose to any of its lenders (including indenture trustees and similar entities) any of the provisions of this Agreement and the documents entered into or to be entered into in connection herewith.

13.3 Headings. The headings in this Agreement have been inserted solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

13.4 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be an original, and such counterparts shall together constitute one and the same instrument. This Agreement may also be executed and transmitted by facsimile or by electronic mail, which will have the same force and effect as an originally executed document.

13.5 Brokers. Seller and Buyer hereby warrant to each other that there are no commissions or fees due any brokers resulting from any transaction contemplated by this Agreement by reason of any contract, listing or dealings by Seller or Buyer with any broker or other party in regard to this transaction except for Cypress Group whose fees will be paid by Seller. Each Party agrees to indemnify the other from and against any claims for commissions by any person claiming a commission through the indemnifying Party.

13.6 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Colorado without regard to any applicable conflicts of law.

13.7 Expenses. Except as otherwise herein provided, each of the Parties shall pay its respective costs and expenses incurred or to be incurred by it in connection with the negotiations respecting this Agreement and the transactions contemplated by this Agreement, including without limitation, preparation of documents, legal and accounting fees, and obtaining any necessary approvals and the consummation of the other transactions contemplated by this Agreement.

13.8 Assignment. Seller may assign any or all of its rights hereunder. Buyer may not assign any of its rights or obligations hereunder, directly or indirectly, including by operation of law, without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the heirs, successors and permitted assigns of the Parties hereto.

13.9 Entire Agreement. This Agreement, the Confidentiality Agreement, that certain Disclosure of Actual Operating Results for Certain Company-Operated Noodles & Company Restaurants dated on or before the date of this Agreement from Seller to Buyer (and/or its principal), and that certain Acknowledgement in connection therewith from Buyer (and/or its principal) to Seller, comprise the entire agreement among the Parties with respect to the transactions contemplated by this Agreement and supersede all other prior agreements, understandings and letters related to this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in the FDD.

13.10 Notices. Any notices, requests, or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or overnight commercial courier or mailed by United States certified mail, return receipt requested, postage prepaid, or electronic mail (but only if duplicate notice, request or other communication is also given by United States certified mail or overnight commercial courier) and addressed to each Party at its address as set forth below. Any such notices, requests or other communications shall be considered received on the date of delivery. Rejection of or other refusal to accept delivery, or inability to deliver because of change of address of which timely notice was not given, shall be deemed to be receipt of the notice, request, or other communication. By giving at least five (5) days prior written notice thereof to the other Parties, a Party hereto may from time to time and at any time change its notice address hereunder:

If to Seller, to: Noodles & Company
520 Zang Street, Suite D
Broomfield, CO 80021
Attn: General Counsel
Email:pstrasen@noodles.com

with a copy to: _____
(which shall not _____
constitute notice) _____
Attn: _____
Email: _____

If to Buyer or _____
Guarantor, to: _____

with a copy to: _____
(which shall not _____
constitute notice) _____
Attn: _____
Email: _____

13.11 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

13.12 Attorney Fees. In the event that a Party to this Agreement brings an action against the other Party to this Agreement, by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing Party in such action shall be entitled to recover from the other reasonable attorneys' fees to be fixed by the court which shall render a judgment, plus costs of suit, as well as all such fees and costs incurred in any appeal or in any collection effort.

13.13 Waiver. Any Party may, by written notice to the other Party, (i) waive any inaccuracies in the representations or warranties of such other Party contained in this Agreement or in any document delivered pursuant to this Agreement, (ii) waive compliance with any of the conditions and covenants of such other Party contained in this Agreement or (iii) waive or modify performance of any of the obligations of such other Party under this Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Agreement shall be deemed to constitute a waiver by the Party taking such action of compliance with any of the representations, warranties, covenants, conditions or agreements contained in this Agreement. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

13.14 Construction. Each Party acknowledges and agrees that it has read and understands each and every provision of this Agreement, the Schedules and the Exhibits hereto and has considered all relevant business and tax aspects related thereto. The Parties hereto further acknowledge and agree that each Party has had the opportunity to consult with and obtain legal advice and counseling from an attorney in relation to each and every provision of this Agreement, the Schedules and the Exhibits hereto, and each Party acknowledges and agrees for itself it has either availed itself of that opportunity or has knowingly and willfully declined such representation. Therefore, the language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against either Party.

13.15 Severability. The invalidity or unenforceability of any provision of this Agreement, whether in whole or in part, shall not in any way affect the validity and/or enforceability of any other provision of this Agreement. Any invalid or unenforceable provisions shall be deemed severable to the extent of any such invalidity or unenforceability.

13.16 Consent to Exclusive Jurisdiction and Venue. Each of the Parties hereby consents to personal jurisdiction and venue in the federal or state court having jurisdiction where Seller's principal offices are located: Broomfield or Denver, Colorado.

13.17 Arbitration. If Buyer and Seller cannot agree on the value of the Inventory pursuant to Section 2.1, if Buyer and Seller cannot agree on the pro-rated shares of Buyer and Seller under Section 2.3, or if a Taking or casualty occurs that requires an adjustment to the Purchase Price that the Parties are unable to resolve pursuant to Section 5.13 of this Agreement, then such difference shall be determined and settled by arbitration under the rules and procedures, then in effect, of the American Arbitration Association at its office in or nearest to Broomfield, Colorado, and the non-prevailing in such arbitration shall bear all costs thereof or as may be awarded. The decision in arbitration shall be final as to the resolution of such differences and as to the proper mode of carrying the same into effect. Notwithstanding anything in this Section to the contrary, any such arbitration proceedings shall in no event hinder, delay or postpone the Closing Date.

13.18 Time of the Essence. Time is of the essence of all provisions of this Agreement where time is a factor; provided that if any day for the occurrence of an event or act under this Agreement falls on a Saturday, Sunday or a nationally recognized legal holiday, then the time of the occurrence of such event or act shall be extended to the next succeeding business day. Whenever it is provided in this Agreement that days shall be counted, the first day to be counted shall be the day following the date on which the event causing the period to commence occurs.

13.19 Guarantee of Guarantor. Guarantor irrevocably and unconditionally guarantee the prompt, faithful and complete performance by Buyer of Buyer's liabilities and obligations under this Agreement without counterclaim or set-off. In the event that more than one Guarantor is a Party to this Agreement, the liability of each Guarantor shall be joint and several, each Guarantor to be fully liable hereunder, irrespective of the death, incapacity or other disqualification of any other Guarantor, and Seller may proceed against one or less than all of the guarantors, such proceeding not being deemed an election, and Seller may, at any time thereafter in the event full payment has not be realized, proceed against any other Guarantor.

13.20 Recitals. Each of the above-stated recitals shall be deemed a part of this Agreement and is incorporated herein by reference.

13.21 Survival After Closing. Unless otherwise provided herein, the representations and warranties of the Parties contained in this Agreement shall survive the Closing and continue in full force and effect for a period of one (1) year following the Closing Date.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed by their respective duly authorized representatives, and Guarantor has executed this Agreement, as of the day and year first above written.

“SELLER”

By: _____
Print Name: _____
Title: _____

“BUYER”

_____, a

By: _____
Print Name: _____
Title: _____

“GUARANTOR”

Print Name: _____

EXHIBITS

<u>Exhibit No.</u>	<u>Exhibit Caption</u>
A	Restaurants
B	Leased Properties
C	Subleased Properties
1.4(a)	Form of Lease Agreement
1.4(b)	Form of Sublease Agreement
1.4(d)	“Summary of Accounts – Abbreviated Franchisee Profitability Statement”
1.6	Form of Guarantee
5.11.2	Development Territory
5.11.3	New Restaurant Development Schedule
5.12	Required Lease Provisions
9.3	Form of Bill of Sale
9.4	Form of Assumption Agreement

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, filed or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE:
California:	
Illinois:	
Indiana:	
Maryland:	
Michigan:	
Minnesota:	
New York:	
North Dakota:	
Rhode Island:	
South Dakota:	
Virginia:	
Washington:	
Wisconsin:	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Noodles & Company offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, Noodles & Company or its affiliate in connection with the proposed franchise sale.

Michigan requires that Noodles & Company give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Noodles & Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator identified in Exhibit A.

The Franchisor is Noodles & Company, located at 520 Zang St, Ste D, Broomfield, CO 80021. It's phone number is 720.214.1900.

Franchise Seller: Name: _____; Address: _____;
Telephone Number: _____

Issued: April 10, 2023

Noodles & Company authorizes the respective state agents identified in Exhibit A to receive service of process for us in the particular states. I have received a disclosure document from Noodles & Company issued on April 10, 2023 that included the following exhibits:

A. List of State Agencies/Agents for Service of Process; B. Area Development Agreement; C. Franchise Agreement; D. Noodles & Company Operations Manual Table of Contents; E. List of Current Franchisees; F. Financial Statements; G. Disclosure Addenda for Registration States and Riders For Certain Registration States; H. Form of IT Support Services Agreement and I. Asset Purchase Agreement.

Date of Receipt: _____

Signature

Print Name

Signature

Print Name

Company Name

Street Address

Telephone Number

City, State

Zip Code

TO BE RETURNED TO NOODLES & COMPANY

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Signature

Print Name

Company Name

Street Address

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City, State

Zip Code

TO BE RETAINED BY YOU