



NOODLES DEVELOPMENT, L.P.

EXHIBIT B

FRANCHISE AGREEMENT

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ATTACHMENTS:

- A: Franchised Location
- B: Acknowledgement
- C: Addendum to Lease
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- D: Request for Pre-Authorized Payments
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NOODLES DEVELOPMENT, L.P.

FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is made, entered into and effective this ____ day of _____, 2005 ("**Effective Date**"), between Noodles Development, L.P., a Texas limited partnership, with its principal office at 14500 N. Northsight Blvd., Suite 216, Scottsdale, Arizona 85260 ("**Noodles Development**"), and _____ a(n) _____ ("**Franchisee**").

WHEREAS, Noodles Development has developed a distinctive business system for operating and franchising quick service restaurants that serve high quality noodle-based food items of various ethnic origin and beverage items in a distinctive atmosphere under the name "Oodles the Art of FreshTM" ("**System**"). Noodles Development has publicized the name "Oodles the Art of FreshTM" to the public as an organization of restaurant businesses operating under the System; and

WHEREAS, the System contains distinctive concepts which include, without limitation, special seasonings, spices, sauces, recipes and menu items; unique cooking methods; distinctive building design, decor and furnishings; standards, specifications and procedures for operations; consistency and uniformity requirements for the food items, products and services offered to the public; procedures for quality and inventory control, training, and assistance; and, advertising and promotional programs; and

WHEREAS, Noodles Development has the right and authority to license the use of the name Oodles the Art of FreshTM and other trademarks, trade names, service marks, logos and commercial symbols, and phrases, slogans and tag lines which are now owned or which will be developed by Noodles Development ("**Marks**") for use in connection with the System to selected persons, businesses or entities that will comply with the uniformity requirements and quality standards of Noodles Development. Noodles Development will continue to develop, use, and control the use of the Marks in order to identify for the public the source of the food items, products and services marketed under the System, and to represent to the public the System's high standards of quality, appearance, cleanliness and service; and

WHEREAS, Franchisee desires to develop and operate a Oodles the Art of FreshTM Restaurant ("**Franchised Restaurant**") at the location set forth in Section 1 in conformity with the System and the uniformity requirements and quality standards as established and promulgated occasionally by Noodles Development; and

WHEREAS, Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness and service established by Noodles Development, and the necessity of operating a Franchised Restaurant in strict conformity with the standards and specifications established by Noodles Development; and

WHEREAS, Noodles Development is willing to provide Franchisee with recipes, cooking and food preparation techniques, menu content and design, proto-typical restaurant layout and decor, technology, and operational, marketing, advertising, promotional and business

information, experience ("**Know How**") about the Oodles the Art of Fresh™ Restaurant that has been developed over time by Noodles Development at a significant cost and investment; and

WHEREAS, Franchisee acknowledges that it would take substantial capital and human resources to develop a business similar to the Franchised Restaurant and, for those reasons, Franchisee desires to acquire the right to use the Marks and the System and to operate a Franchised Restaurant pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, Franchisee acknowledges that Noodles Development would not award a Franchised Restaurant to Franchisee or provide Franchisee with the business information and Know How about the System unless Franchisee agreed to comply with all of the terms and conditions of this Agreement and agreed to pay the Initial Franchise Fee, the Continuing Royalty Fees and Franchisee's percentage of the Corporate Advertising Budget specified in this Agreement; and

WHEREAS, Franchisee acknowledges that it has had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal representative, and has had sufficient time to evaluate and investigate the System, the financial requirements and the risks associated with the System.

Pursuant to the above premises and in consideration of the mutual promises and covenants set forth in this Agreement, Noodles Development and Franchisee agree and contract as follows:

1. GRANT OF FRANCHISE

1.1 Franchised Location. Noodles Development hereby grants Franchisee the personal right to operate one Franchised Restaurant in conformity with the System using the name Oodles the Art of Fresh™ and other specified Marks at the following single location _____ which is referred to as the "**Franchised Location.**" Franchisee understands, acknowledges and agrees that Franchisee is not receiving any exclusive or protected territorial rights other than the exclusive right to operate a Franchised Restaurant at the Franchised Location. In the event Franchisee desires to relocate the Franchised Restaurant from the Franchised Location to a new location, Franchisee shall pay to Noodles Development the relocation fee ("**Relocation Fee**") as detailed in the Operations Manual, and as adjusted periodically in Noodles Development's sole discretion.

1.2 Undetermined Franchised Location. If the Franchised Location has not yet been determined as of the date of this Agreement, then the geographic area in which the Franchised Restaurant is to be located will be described or otherwise defined in an exhibit signed by the parties and attached to this Agreement. At such time as the address of the Franchised Location is determined, then the address will be inserted into this Agreement and initialed by the parties.

1.3 Lease Or Purchase Of Franchised Location. Franchisee will not sign any lease, purchase agreement or obtain any related rights to possession, occupancy or ownership of the Franchised Location before obtaining the written approval of Noodles Development. Franchisee must submit a copy of the proposed lease or purchase agreement to Noodles Development for

review and approval in accordance with Noodles Development's then-current requirements and the lease must incorporate the additional terms required by this Agreement as set forth in the Addendum to Lease attached to this Agreement as **Attachment C**. If Franchisee leases the Franchised Location, then the lease term shall coincide with the Initial Term of this Agreement. In addition, the lease agreement must provide Noodles Development with the right to enter the premises to make any modifications necessary to protect the Marks and a Collateral Assignment of Lease, in the form substantially similar to that in **Attachment C-1** attached hereto, signed by Franchisee and Noodles Development. If Noodles Development exercises its rights under any Collateral Assignment of Lease, Noodles Development shall have all rights that Franchisee would have had under the lease agreement had it continued in effect with Franchisee.

1.4 **Conditions.** Franchisee hereby undertakes the obligation to operate a Franchised Restaurant using the System at the Franchised Location in strict compliance with the terms and conditions of this Agreement for the entire Initial Term of this Agreement and any Interim Period. The rights and privileges granted to Franchisee by Noodles Development under this Agreement are applicable only to the single location designated as the Franchised Location, are personal in nature, and may not be used elsewhere or at any other location by Franchisee.

1.5 **Personal License.** Franchisee shall not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. Franchisee will not have the right to pledge, assign or transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

2. **TERM OF AGREEMENT**

2.1 **Term.** The initial term ("**Initial Term**") of this Agreement will be for ten (10) years, commencing on the Effective Date of this Agreement, unless earlier terminated in accordance with the terms and conditions of this Agreement. This Agreement will not be enforceable until it has been signed by both Franchisee and Noodles Development.

2.2 **Franchisee's Option to Reacquire Franchise.** At the end of the Initial Term of this Agreement, Franchisee shall have the right and option to reacquire the franchise rights ("**Franchise**") for the Franchised Location for the term of Noodles Development's then-current franchise agreement ("**Successor Term**"), provided that Franchisee has complied with all material terms and conditions of this Agreement throughout its Initial Term, and provided that Franchisee has agreed to and has complied in all respects with the following conditions: (a) Franchisee has given Noodles Development written notice, not more than twelve (12) months and not less than six (6) months before the end of the Initial Term of this Agreement, of its intention to reacquire the Franchise for the Franchised Location; (b) all monetary obligations owed by Franchisee to Noodles Development have been paid or satisfied before the end of the Initial Term of this Agreement, and have been timely met throughout the Initial Term of this Agreement; (c) Franchisee has agreed, in writing, to make the reasonable capital expenditures necessary to remodel, modernize and redecorate the Franchised Location, and to replace and modernize the signs, furniture, fixtures, supplies and equipment used in the Franchised Restaurant so that the Franchised Restaurant will reflect the image portrayed by the then-current image, decor and specifications of Noodles Development, in the sole discretion of Noodles Development; (d) as of the date Franchisee exercises its option to reacquire the Franchise for the

Franchised Location, Franchisee either owns the Franchised Location, or Franchisee has the right to lease the Franchised Location for a term that coincides with the Successor Term of the then-current franchise agreement; (e) Franchisee or Franchisee's designated operating partner ("**Operating Partner**") have completed the required training designated by Noodles Development for new franchisees to ensure that Franchisee is in conformity with the then-current qualifications and operational requirements established by Noodles Development; and (f) Franchisee agrees to sign and comply with the then-current franchise agreement ("**Successor Franchise Agreement**") being offered to new franchisees by Noodles Development, subject further to the provisions of Section 2.3 of this Agreement.

2.3 Terms of Option. Franchisee will have the option to reacquire the Franchise for the Franchised Location under the same terms and conditions, with the exception of the Initial Franchise Fee as described in this Section, as are then being offered to other franchisees under the then-current Franchise Agreement. Franchisee will be required to pay Noodles Development a successor franchise fee ("**Successor Franchise Fee**") equal to ten percent (10%) of the then-current Initial Franchise Fee which will be payable in full on the date Franchisee signs the then-current Franchise Agreement signed pursuant to this option. For the term of the Successor Franchise Agreement signed pursuant to this option, Franchisee will be required to pay the Continuing Royalty Fee set forth in that Franchise Agreement. Franchisee will also be required to pay CAB Contributions (as defined in Section 5.1) and other fees at the rates specified in the Successor Franchise Agreement, and any additional fees specified or provided for by the terms of the Successor Franchise Agreement. Franchisee acknowledges that the terms, conditions and economics of future Franchise Agreements of Noodles Development may, at that time, vary in substance and form from the terms, conditions and economics of this Agreement, and Franchisee hereby accepts the risk that the fees will be higher than the fees imposed on Franchisee under the terms of this Agreement.

3. INITIAL FRANCHISE FEE

3.1 Initial Franchise Fee. Franchisee will pay Noodles Development an initial franchise fee ("**Initial Franchise Fee**") of Twenty-Five Thousand Dollars (\$25,000), all of which will be paid by Franchisee to Noodles Development on the day Franchisee signs this Agreement. The Initial Franchise Fee is fully earned by Noodles Development on the day on which it is paid and is non-refundable under any circumstances.

4. CONTINUING FEES

4.1 Continuing Royalty Fee; Date Payable. In addition to the Initial Franchise Fee payable by Franchisee, Franchisee will, each week during the entire Initial Term of this Agreement and any Interim Period, pay Noodles Development a weekly continuing royalty fee ("**Continuing Royalty Fee**") equal to six percent (6%) of Franchisee's weekly Gross Sales for the preceding week. The Continuing Royalty Fee will be paid to Noodles Development by Franchisee on Tuesday of the week following the reported sales. Noodles Development reserves the right to require payment from Franchisee of all Continuing Royalty Fees due and owing to Noodles Development in any form and manner as Noodles Development may determine occasionally, in Noodles Development's sole discretion, including weekly debits from Franchisee's bank account as set forth in Section 4.5.

4.2 Interest on Unpaid Continuing Royalty Fees. If Franchisee fails to remit any Continuing Royalty Fee due to Noodles Development as provided for in Section 4.1, then the amount of the unpaid and past due Continuing Royalty Fee will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or the rate of one and one-half percent (1.5%) per month. Franchisee will also reimburse Noodles Development for any and all costs incurred by Noodles Development in the collection of any unpaid and past due Continuing Royalty Fee payment including, but not limited to, attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses.

4.3 Reports. Franchisee will maintain an accurate written record of the weekly Gross Sales for Franchisee's Franchised Restaurant and other information specified by Noodles Development, and will submit a weekly report for the Franchised Restaurant using the forms and formats set forth in the Operations Manual. The weekly reports will be e-mailed or faxed to Noodles Development by Tuesday of each week for the preceding week. The weekly reports will include Franchisee's weekly Gross Sales, labor costs, and any other information as may be required by Noodles Development occasionally, in Noodles Development's sole discretion.

4.4 Franchisee's Obligation to Pay. The Continuing Royalty Fee payable to Noodles Development under this Section will be calculated and paid to Noodles Development by Franchisee each week during the entire Initial Term of this Agreement and any Interim Period, and Franchisee's failure to timely pay the weekly Continuing Royalty Fee to Noodles Development will be deemed to be a material breach of this Agreement. Franchisee's obligation to pay Noodles Development the weekly Continuing Royalty Fee pursuant to the terms of this Agreement shall be absolute and unconditional, and shall remain in full force and effect until the Initial Term of this Agreement or any Interim Period has expired or until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law. Franchisee will not have the "right of offset" and, as a consequence, Franchisee shall timely pay all Continuing Royalty Fees due to Noodles Development under this Agreement regardless of any claims or allegations Franchisee may allege against Noodles Development.

4.5 Pre-Authorized Bank Debits. Franchisee will sign the Request for Pre-Authorized Payments, attached to this Agreement as **Attachment D**, to provide Franchisee's unconditional and irrevocable authority and direction to its bank authorizing and directing Franchisee's bank to pay and deposit directly to the account of Noodles Development, and to charge to the account of Franchisee, the amount of the weekly Continuing Royalty Fee payable by Franchisee pursuant to this Agreement on Tuesday of the week following the reported sales. If Franchisee fails at any time to provide the weekly reports required under Section 4.3, then Noodles Development will have the absolute right to debit Franchisee's bank account for the same amount as the most recent debit to Franchisee's bank account that was based on actual Gross Sales provided by Franchisee. Franchisee will, at all times during the Initial Term of this Agreement and any Interim Period, maintain a balance in its account at its bank sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of the Continuing Royalty Fees payable by Franchisee for deposit in the account of Noodles Development.

4.6 P.O.S. Service Fee. Franchisee shall pay to Noodles Development on the first (1st) day of each month a service fee ("**P.O.S. Service Fee**") of Two Hundred Twenty Dollars (\$220.00) to reimburse Noodles Development for the costs and expenses it incurs in the organization and administration of point-of-sale related marketing and customer loyalty programs. Noodles Development may increase the P.O.S. Service Fee at any time in its discretion by amending the Operations Manual and providing Franchisee with thirty (30) days advance written notice.

5. ADVERTISING

5.1 Creative Fund Contributions. In addition to the Initial Franchise Fee and Continuing Royalty Fees payable by Franchisee, Franchisee will, each week during the entire Initial Term of this Agreement and any Interim Period, pay Noodles Development a weekly creative fund contribution ("**Creative Fund Contribution**") equal to one-half of one percent (0.5%) of the Gross Sales for the preceding week. The Creative Fund Contribution will be paid by Franchisee on Tuesday of each week for the preceding week. The Creative Fund Contribution will be deposited into a separate bank account ("**Creative Fund**") which will be under the exclusive control of Noodles Development. The Creative Fund Contribution will be administered and controlled exclusively by Noodles Development, and Noodles Development will have the absolute and unilateral right to determine how, when and where the Creative Fund Contribution will be spent. This includes the absolute right to use Creative Fund Contribution for (a) the creation, development and production of advertising and promotional materials, (b) any marketing or related research and development, and (c) advertising and marketing expenses including, without limitation, the absolute right to purchase and pay for product and food research and development, advertising materials, production costs, brochures, radio, film and television commercials, videotapes, newspaper, magazine and other print advertising, direct mail pieces, photographer costs, photographs, pictures, designs, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, market research and marketing surveys, menu design and graphics, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of Home Pages on the Internet, Internet access provider costs, Internet/World Wide Web programming and advertising, subscriptions to industry newsletters or magazines, marketing or industry studies, books and research materials, administrative costs and salaries for marketing support personnel. Noodles Development will have the right to spend the Creative Fund Contribution in any manner it deems appropriate. Noodles Development will have no obligation to spend any of the Creative Fund Contribution in Franchisee's Designated Market Area ("**DMA**"), and Franchisee acknowledges that Noodles Development will have no obligation whatsoever to spend any portion of the Creative Fund Contribution paid by Franchisee in Franchisee's DMA or specifically for the benefit of the Franchised Restaurant.

5.2 Interest on Unpaid Creative Fund Contributions. If Franchisee fails to remit any Creative Fund Contribution due to Noodles Development as provided for in Section 5.1, then the amount of the unpaid and past due Creative Fund Contribution will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or the rate of one and one-half percent (1.5%) per month. Franchisee will also reimburse Noodles Development for any and all costs incurred by Noodles Development in the collection of any unpaid and past due Creative

Fund Contribution including, but not limited to, attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses.

5.3 Franchisee's Obligation to Pay. The Creative Fund Contribution payable to Noodles Development under this Section will be calculated and paid to Noodles Development by Franchisee each week during the entire Initial Term of this Agreement and any Interim Period, and Franchisee's failure to pay the weekly Creative Fund Contribution to Noodles Development will be deemed to be a material breach of this Agreement. Franchisee's obligation to pay Noodles Development the weekly Creative Fund Contribution pursuant to the terms of this Agreement will be absolute and unconditional, and will remain in full force and effect until the Initial Term of this Agreement or any Interim Period has expired or until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law. Franchisee will not have the "right of offset" and, as a consequence Franchisee will timely pay all Creative Fund Contributions due to Noodles Development under this Agreement regardless of any claims or allegations Franchisee may allege against Noodles Development.

5.4 Pre-Authorized Bank Debits. Franchisee will sign the Request for Pre-Authorized Payments, attached to this Agreement as **Attachment D**, to provide Franchisee's unconditional and irrevocable authority and direction to its bank authorizing and directing Franchisee's bank to pay and deposit directly to the account of Noodles Development, and to charge to the account of Franchisee, the amount of the weekly Creative Fund Contribution payable by Franchisee pursuant to this Agreement on Tuesday of the week following the reported sales. If Franchisee fails at any time to provide the weekly reports required under Section 4.3, then Noodles Development will have the absolute right to debit Franchisee's bank account for the same amount as the most recent debit to Franchisee's bank account that was based on actual Gross Sales provided by Franchisee. Franchisee will, at all times during the Initial term of this Agreement and any Interim Period, maintain a balance in its account at its bank sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of the Creative Fund Contribution payable by Franchisee for deposit in the account of Noodles Development.

5.5 Local Advertising Expense. Franchisee agrees to spend on local advertising each month ("**Local Advertising Expense**") an amount equal to three and one-half percent (3.5%) of Franchisee's Gross Sales for the previous month on local advertising and promotions. Franchisee agrees to submit to Noodles Development for prior approval all promotional and advertising materials to be used by Franchisee including, without limitation, television, radio, newspapers, fliers, magazines, billboards, special events, special promotions, and other print advertising. All advertising and promotional materials must be approved in writing by Noodles Development in advance of Franchisee's use of these materials. Noodles Development's failure to approve any advertising or promotional materials submitted by Franchisee within fifteen (15) business days shall be deemed a disapproval of the material. In the event Franchisee develops any advertising or promotional materials with the approval of Noodles Development, Noodles Development is hereby granted the unlimited right to use, reproduce, and disseminate the advertising materials to other franchisees in the System without compensation of any kind to Franchisee. Franchisee's payment of the Creative Fund Contribution of one-half of one percent (0.5%) of Franchisee's Gross Sales will not be considered expenditures for approved local

advertising for the purposes of this provision. Franchisee shall submit such reports documenting Franchisee's Local Advertising Expense as are required by Franchisor in the Operations Manual.

5.6 Telephone Directory Listings. Franchisee will continually list and advertise in the "Yellow Pages" in Franchisee's market area under the heading "Restaurant" and/or other listings designated by Noodles Development in writing occasionally, in Noodles Development's discretion. The format, size and content of the listings and advertising will conform in all respects to the standards established by Noodles Development and specified in the Operations Manual. Franchisee will also take all steps necessary to be listed in the "White Pages" for Franchisee's market area.

5.7 Multi-Area Marketing. Franchisee must participate, at Franchisee's sole cost and expense, in any multi-area marketing programs as determined by Noodles Development, in Noodles Development's sole discretion. All Internet marketing is part of multi-area marketing and must be coordinated through and approved by Noodles Development. Franchisee may not market independently on the Internet or acquire an independent Internet domain name or Web site, but Noodles Development will include Franchisee's Franchised Restaurant on its Web site.

5.8 Franchisee Advertising Councils. Noodles Development may require the formation of franchisee advertising councils, which shall be established and administered by a majority vote of the franchisees in the region in which Franchisee operates its Franchised Restaurant. The purpose of the franchisee council will be solely to develop and implement cooperative advertising and special promotions within the region, including Yellow Pages advertising. The amount of contribution, which will be mandatory for all franchisees once a council is formed in their region, and type of advertising or promotions approved will be set by a majority vote of the members of the council, but Noodles Development will not approve a contribution of more than two and one-half percent (2.5%) of any franchisee's Gross Sales. Any contribution made by Franchisee toward a local advertising council, once formed, will satisfy Franchisee's Local Advertising Expense obligation on a dollar-for-dollar basis, up to a maximum contribution of two and one-half percent (2.5%) of Franchisee's Gross Sales. Noodles Development must approve the amount of contribution, the membership of the council, the regions covered, council governing documents, and all advertising and promotions created by the council. The council must prepare annual unaudited financial statements, which must be delivered to Noodles Development and other franchisees in the council within one hundred twenty (120) days after Noodles Development's fiscal year end. Noodles Development reserves the right to form, change, dissolve, or merge councils or other advertising cooperatives.

6. FINANCIAL STATEMENTS

6.1 Monthly Reports and Financial Statements. Franchisee will, at its expense, prepare a monthly and year-to-date balance sheet and profit and loss statement for the Franchisee's Franchised Restaurant ("**Monthly Report**"). Franchisee will also prepare, at its expense, annual financial statements, consisting of a balance sheet, profit and loss statement, for the Franchisee's Franchised Restaurant ("**Financial Statements**"). All Monthly Reports and Financial Statements provided to Noodles Development pursuant to this Section will be prepared in accordance with generally accepted accounting principles applied on a consistent basis. The Monthly Reports for the Franchised Restaurant will be delivered to Noodles Development on or

before the twentieth (20th) day of each month for the last preceding month. Franchisee's Financial Statements will be delivered to Noodles Development within ninety (90) days after Franchisee's fiscal year end. Franchisee's Monthly Reports and Financial Statements will be certified by an independent certified public accountant if requested by Noodles Development.

6.2 Audit Rights. Within three (3) business days after receiving written notice from Noodles Development, Franchisee and Franchisee's accountants will make all of their computer and hand prepared records and ledgers, the sales ledger, work papers, books, bank statements, federal, state, and local income tax returns, federal and state sales tax returns, daily cash register tapes, accounts, and other financial information relating to Gross Sales, food costs, labor costs and other costs ("**Financial Records**") available to Noodles Development during business hours for review and audit by Noodles Development or its designee. If the Financial Records are computerized, then Franchisee will grant Noodles Development or its designee the absolute right to access Franchisee's computer and software programs containing the Financial Records and the absolute right to copy the Financial Records to a computer disk or to any portable or other computer owned or controlled by Noodles Development. The Financial Records for each fiscal year will be kept in a secure place by Franchisee and will be available for audit by Noodles Development for at least three (3) years. Franchisee will provide Noodles Development with adequate facilities to conduct the audit. Noodles Development will maintain the confidentiality of all information, documents, records and other materials reviewed or copied by Noodles Development during an audit conducted by Noodles Development pursuant to this Section. However, if the information, documents, records or other materials are relevant to any issue in any mediation, arbitration or court proceeding between Noodles Development and Franchisee, then Noodles Development may disclose the information, documents, records or other materials in this proceeding.

6.3 Payment of Audit Costs. If an audit of Franchisee's Financial Records reveals any deficiencies in the Continuing Royalty Fees or CAB Contribution payable to Noodles Development, then Franchisee will, within five (5) days after receipt of an invoice from Noodles Development indicating the amounts owed, pay to Noodles Development any deficiency owed to Noodles Development, together with interest as provided for herein. If an audit by Noodles Development results in a determination that Franchisee's Gross Sales were understated by more than two percent (2%) or more in any month, or in any year, then Franchisee will, within fifteen (15) days after receipt of an invoice from Noodles Development, pay Noodles Development all costs and expenses (including employee salaries, travel costs, room and board, and audit fees) that Noodles Development incurred for the audit of Franchisee's Financial Records. In this event, Noodles Development may require Franchisee to provide only audited Monthly Reports and Financial Statements certified by an independent certified public accountant.

6.4 Refusal to Submit Records or Permit Audit. Franchisee's failure or refusal to provide the documents, records or other materials requested by Noodles Development to substantiate the Monthly Reports or Financial Statements in accordance with Section 6.2 or to produce the Financial Records in accordance with Section 6.4 will be grounds for the immediate termination of this Agreement by Noodles Development.

7. QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF FRANCHISEE

7.1 Quality And Service Standards. Noodles Development has developed and will continue to develop, occasionally, uniform standards of quality, cleanliness and service regarding the business operations of Franchisee's Franchised Restaurant to protect and maintain (for the benefit of Noodles Development and all of its franchisees) the distinct, valuable goodwill and uniformity represented and symbolized by the Marks and the System. Accordingly, to ensure that all Oodles the Art of Fresh™ franchisees maintain and adhere to the uniformity requirements and quality standards for the food, products and services associated with the Marks and the System, Franchisee agrees to maintain the uniformity and quality standards required by Noodles Development for all foods, products and services associated with the Marks and the System and agrees to the terms and conditions contained in this Section to assure the public that all Oodles the Art of Fresh™ Restaurants will be uniform in nature and will sell and dispense quality foods, products and services.

7.2 Identification of Restaurant. Franchisee will operate the Franchised Restaurant so that it is clearly identified and advertised as a Oodles the Art of Fresh™ Restaurant. The style and form of the words "Oodles the Art of Fresh™", and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of Noodles Development. Franchisee will use the name Oodles the Art of Fresh™, the approved logos and all graphics commonly associated with the System and the Marks which now or hereafter may form a part of the System, on all paper supplies, furnishings, advertising, public relations and promotional materials, signs, stationery, business cards, linens, towels, napkins, aprons, menus, food and beverage containers, placemats, uniforms, clothing and other materials in the identical combination and manner as may be prescribed by Noodles Development in writing. Franchisee will, at its expense, comply with all legal notices of registration required by Noodles Development or its attorneys and will, at its expense, comply with all trademark, trade name, service mark, copyright, patent or other notice markings that are required by Noodles Development or by applicable law.

7.3 Compliance with Standards. Franchisee will use the Marks and the System in strict compliance with the quality standards, health standards, operating procedures, specifications, requirements and instructions required by Noodles Development, which may be amended and supplemented by Noodles Development occasionally in Noodles Development's sole discretion.

7.4 Participation in Operations. Franchisee's Franchised Restaurant shall be operated only under the direct supervision of Franchisee (if Franchisee is an individual, or the majority shareholder, partner or manager of Franchisee) and/or its Operating Partner who Noodles Development has approved and not hereafter disapproved. Any Operating Partner that Franchisee so designates to operate Franchisee's Franchised Restaurant must own an equity interest equal to at least ten percent (10%) of the Franchisee, and must also successfully complete Noodles Development's Training Program as more particularly described in Section 15 of this Agreement. Franchisee or Franchisee's designated Operating Partner shall be physically present at Franchisee's Franchised Restaurant at least forty (40) hours per week.

7.5 Franchisee's Name. Franchisee will not use the name Oodles the Art of Fresh™ or any derivative thereof in its corporate, partnership or sole proprietorship name. Franchisee will hold itself out to the public as an independent contractor operating its Franchised Restaurant pursuant to a franchise from Noodles Development. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its Franchised Restaurants an independent contractor pursuant to this Agreement.

7.6 Interests Of Operating Company. The operating company responsible for operating and managing Franchisee's Franchised Restaurant will be dedicated solely to the operation of Franchisee's Franchised Restaurant(s) and will not hold any interest in, operate, or manage any other business engaged, in whole or in part, in the production, distribution, or sale of noodle-based food items or other products either at retail or wholesale; provided, however, that this provision shall not apply to any interest in additional franchises granted by Noodles Development.

7.7 Approved Advertising. Franchisee will not conduct any advertising and/or promotion for its Franchised Restaurant unless and until Noodles Development has given Franchisee prior written approval for all concepts, materials and media proposed for any advertising and/or promotion. Franchisee will not permit any third party to advertise its business, services or products on the premises of Franchisee's Franchised Restaurant without the prior written approval of Noodles Development.

7.8 Default Notices and Significant Correspondence. Franchisee will deliver to Noodles Development, immediately upon receipt by Franchisee or delivery at the Franchised Location, an exact copy of all: (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party with respect to the Franchised Location; (b) notifications or other correspondence relating to any legal proceeding or lawsuit relating in any way to the Franchised Restaurant or to the Franchised Location; (c) consumer complaints or claims; (d) employee complaints or claims; and (e) inspection reports or any other notices, claims, reports, warnings or citations from or by any governmental authority, including any health or safety authority. Upon a written request from Noodles Development, Franchisee will provide the additional information as may be required by Noodles Development regarding the subject matter of the correspondence or other writings received by Franchisee or delivered at the Franchised Location.

7.9 Television; Vending and Gaming Machines; Tickets. Franchisee will not permit any jukebox, video and electronic games, vending machines (including cigarette, gum and candy machines), newspaper racks, rides or other mechanical or electronic entertainment devices, coin or token operated machines (including pinball) except coin-operated telephones, or gambling machines or other gambling devices to be used on the premises of the Franchised Location, except with the prior written approval of Noodles Development which may be withheld at the sole and absolute discretion of Noodles Development. Franchisee will not keep or offer for sale or allow employees to offer for sale at or near the Franchised Location any tickets, subscriptions, pools, chances, raffles, lottery tickets or pull tabs, except with the prior written approval of Noodles Development, which may be withheld in the sole and absolute discretion of Noodles Development.

7.10 Permitted Sales. Franchisee will offer for sale at the Franchise Location only those menu items, food products and other items approved in writing by Noodles Development.

7.11 Operation of Franchised Restaurant. Franchisee will be totally and solely responsible for the operation of its Franchised Restaurant in strict accordance with the specifications and procedures contained in the Operations Manual and other manuals and materials provided by Noodles Development occasionally. Franchisee will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisee will be responsible for the acts of its employees, agents, and independent contractors and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations. Noodles Development will not have any right, obligation or responsibility to control, supervise or manage Franchisee's employees, agents or independent contractors.

7.12 Compliance With Applicable Laws. Franchisee will, at its sole cost and expense, comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or Remodeling of the Franchised Location and the operation of Franchisee's Franchised Restaurant including, but not limited to, all health and food service licensing laws, all health and safety regulations, all environmental laws, all laws relating to employees, including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, liquor laws (if applicable), and disability discrimination laws. Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Franchisee's Franchised Restaurant, for qualifying for, and obtaining and maintaining all the licenses and permits, and for complying with all applicable laws.

7.13 Payment of Taxes. Franchisee will be absolutely and exclusively responsible and liable for filing all required tax returns and for the prompt payment of all federal, state, city and local taxes including, but not limited to, individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes and real estate taxes ("**Taxes**") payable in connection with Franchisee's Franchised Restaurant. Noodles Development will have no liability for these or any other Taxes which arise or result from the Franchisee's Franchised Restaurant and Franchisee will indemnify Noodles Development for any Taxes that may be assessed or levied against Noodles Development which arise out of or result from the operation of the Franchised Restaurant.

7.14 "Franchise" and Other Taxes. If any "**franchise**" or other tax which is based upon the amount of the Initial Franchise Fees paid to Noodles Development, Franchisee's Gross Sales, receipts, sales, or business activities, or the operation of the Franchised Restaurant is imposed upon Noodles Development by any taxing authority, then Franchisee will reimburse Noodles Development in an amount equal to the amount of the taxes and related costs imposed upon and paid by Noodles Development. Franchisee will be notified in writing when Noodles Development is entitled to reimbursement for the payment of the taxes and, in that event, Franchisee will pay Noodles Development the amount specified in the written notice within ten (10) days after receipt of the written notice.

7.15 Standard Attire or Uniforms. Franchisee will require its employees to wear the standard attire or uniforms described in the Operations Manual. All employees of Franchisee will wear clean and neat attire or uniforms and will practice good personal hygiene.

7.16 Business Hours; Personnel. Franchisee's Franchised Restaurant will be open for business twelve (12) months of each year on the days and during the hours specified by Noodles Development in the Operations Manual, which in no event will be less than sixty (60) hours per week, and as modified by Noodles Development periodically in its sole discretion. Franchisee will at all times during business hours have management personnel on duty who are responsible for supervising the employees and the business operations of the Franchised Restaurant. Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to Franchisee's customers.

7.17 Inspection Rights. Franchisee will permit Noodles Development or its representatives to enter, remain on, and inspect the Franchised Location, whenever Noodles Development reasonably deems it appropriate and without prior notice, to interview Franchisee's employees, customers and suppliers, to take photographs and videotapes of and to examine the interior and exterior of the Franchised Location, to examine representative samples of the food, beverages and other products sold or used at the Franchised Restaurant and to evaluate the quality of the food, beverages, products and services provided by Franchisee to its customers. Noodles Development will also have the right to send a representative of Noodles Development to dine at the Franchised Restaurant to evaluate the operations of the Franchised Restaurant and the quality of the food and services provided by Franchisee to its customers. Noodles Development will have the right to use all interviews, photographs and videotapes of the Franchised Restaurant for these purposes as Noodles Development deems appropriate including, but not limited to, use in advertising, marketing and promotional materials. Franchisee will not be entitled to, and hereby expressly waives, any right that it may have to be compensated by Noodles Development, its advertising agencies, and other franchisees of Oodles the Art of Fresh™ Restaurants for the use of these photographs or videotapes for advertising, marketing and promotional purposes. Noodles Development will not use any photographs of Franchisee's employees or customers unless written releases have been obtained by Franchisee's employees or customers.

7.18 Security Interest In Franchise Agreement. This Agreement and the Franchise granted to Franchisee hereunder may not be used as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors or any financial institution, except with the prior written approval of Noodles Development, which approval may be withheld for any reason or no reason in the sole discretion of Noodles Development.

7.19 Credit Cards. Franchisee will honor all credit, charge, courtesy or cash cards or other credit devices required or approved by Noodles Development in writing. Franchisee must obtain the written approval of Noodles Development before honoring any unapproved credit, charge, courtesy or cash cards or other credit devices, which approval may be withheld for any reason or no reason in the sole discretion of Noodles Development.

7.20 Gift Certificates And Coupons. Franchisee will not sell or issue gift certificates unless authorized in writing in the sole discretion of Noodles Development. Franchisee will not

issue coupons or discounts of any type except as may be approved in advance in writing by Noodles Development.

7.21 Maintenance. Franchisee will, at its expense, repair, paint and keep in a clean and sanitary condition the interior, the exterior, the parking lot, signage, exterior lighting, and the grounds of the Franchised Location and the Franchised Restaurant, and will replace all floor covering, wall coverings, light fixtures, curtains, blinds, shades, furniture, room furnishings, wall hangings, signs, fixtures and other decor items as they become worn-out, soiled or in disrepair. All mechanical equipment including ventilation, heating and air conditioning, must be kept in good working order by Franchisee at all times. All replacement equipment, decor items, furniture, fixtures, signs, supplies and other items used in the Franchised Restaurant by Franchisee must comply with the then-current standards and specifications of Noodles Development as set forth in more detail in the Operations Manual or in other communications from Noodles Development.

7.22 Remodeling of Business Premises. Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate (“**Remodeling**”) the Franchised Restaurant and to replace and modernize the furniture, fixtures, supplies and equipment (“**FF&E**”) so that the Franchised Restaurant will reflect the then-current image of a Franchised Restaurant. All Remodeling and all replacements for the FF&E must conform to the then-current specifications of Noodles Development. Franchisee will commence Remodeling the Franchised Restaurant within four (4) months after the date Franchisee receives written notice from Noodles Development specifying the required Remodeling, and will diligently complete the Remodeling within a reasonable time after its commencement. Except as provided for in Section 7.21 of this Agreement, Franchisee will not be required to remodel the Franchised Restaurant, or to replace and modernize its FF&E at any time during the first four (4) years of the Initial Term or more than once every five (5) years during the Initial Term of this Agreement. The Franchisee must pay all costs and expenses incurred as part of the Remodeling, which costs and expenses are not limited or capped by Noodles Development in any way.

7.23 Alterations To Restaurant. Franchisee will not install or permit to be installed on or above the Franchised Restaurant, without the prior written consent of Noodles Development, any fixtures, furnishings, equipment, decor, signs or other items not previously approved by Noodles Development.

7.24 Other Business. Franchisee will use the Franchised Location solely for the operation of a Franchised Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location without the prior written consent of Noodles Development. Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which a trademark, service mark, trade name, logo, slogan, or commercial symbol owned by any person or entity other than Noodles Development is displayed, featured or used in connection with the Franchised Restaurant without the prior written consent of Noodles Development.

7.25 Standards of Service. Franchisee will at all times give prompt, courteous and efficient service to its customers. Franchisee will, in all dealings with its customers, suppliers

and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

7.26 Payments to Creditors. Franchisee will timely pay all of its obligations and liabilities due and payable to Noodles Development, suppliers, lessors and its creditors.

7.27 Employees. Franchisee will maintain a competent, conscientious and trained staff with enough personnel to operate the Franchised Restaurant in a professional and competent manner. Franchisee will take the steps as are necessary to ensure that its employees develop and preserve good customer relations, render competent, prompt, courteous and knowledgeable service and meet the quality and service standards established by Noodles Development.

7.28 Ownership of Business Records. Franchisee acknowledges and agrees that the Noodles Development owns all Business Records with respect to customers and other service professionals of, and related to, the Franchised Restaurant including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Noodles Development may access the Business Records, and may utilize, transfer, or analyze the Business Records as Noodles Development determines to be in the best interest of the System, in Noodles Development's sole discretion.

8. **FOOD, PRODUCTS AND SERVICES**

8.1 Limitations on Food, Products and Services. Franchisee will sell each and every food item, food product, beverage, service or other item ("**Noodles Products and Services**") approved by Noodles Development in writing or as designated in the Operations Manual. Franchisee shall not offer any additional food items, product or service other than those approved in writing by Noodles Development or as designated in the Operations Manual, unless specifically approved in writing by Noodles Development. Franchisee understands that Noodles Development may change, add or delete any of the Noodles Products and Services occasionally in Noodles Development's sole discretion. Franchisee shall offer all new or additional Noodles Products and Services that Noodles Development required to be added as part of a special campaign or weekly, monthly or seasonal special. Franchisee will maintain sufficient inventories of all food items, food products, beverages and other items to realize the full potential of the Franchised Restaurant. Franchisee will conform to all customer service standards prescribed by Noodles Development in writing. Franchisee will have the absolute right to sell all Noodles Products and Services at whatever prices and on whatever terms it deems appropriate; however, Noodles Development shall have the right to set maximum resale prices for any Noodles Products and Services sold from the Franchised Restaurant in connection with any national, regional, or multi-area marketing or special price promotion program developed and implemented by Noodles Development for the System.

8.2 Limitation On Sales. Franchisee will offer for sale and sell those Noodles Products and Services offered for sale in connection with the Franchised Restaurant or which are sold under any of the Marks only on a retail basis at the Franchised Location. Franchisee will

not offer for sale or sell on a wholesale or retail basis at any other location or in any other premises, or by means of the Internet, catalogue or mail order sales, telemarketing, or by any other method of sales or distribution, any of the food, products and services offered for sale or sold in connection with the Franchised Restaurant or which are sold under any of the Marks.

8.3 Delivery and Catering. Franchisee must comply with Noodles Development's standards before: (a) offering or providing delivery, whether for a fee or not, of any food item, food product, beverage, or other item offered for sale in connection with the Franchised Restaurant; or (b) offering or providing catering services in connection with the Franchised Restaurant. Noodles Development reserves the right, in its sole discretion, to establish the boundary for delivery or catering services to be offered from the Franchised Restaurant.

8.4 Approved Suppliers and Distributors. Noodles Development will provide Franchisee with a written list of approved suppliers and distributors and Franchisee will purchase from suppliers and distributors approved in writing by Noodles Development those food, food items, beverages, recipe ingredients, goods, products, merchandise, supplies, sundries, uniforms, machinery, signs, furniture, fixtures, equipment and services ("**Approved Products and Services**") designated in writing by Noodles Development which are to be used or sold by Franchisee and which Noodles Development determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the System and/or to protect the health and safety of Franchisee's employees, customers and guests.

8.5 Approval of Suppliers. Franchisee will have the right and option to purchase the Approved Products and Services specified by Noodles Development pursuant to Section 8.4 from other or outside suppliers and distributors provided that these products and services conform in quality to the standards and specifications of Noodles Development and provided that Noodles Development determines that the supplier's or distributor's business reputation, quality standards, delivery performance, credit rating, and other factors specified by Noodles Development are satisfactory. If Franchisee desires to purchase any products or services from other suppliers and distributors, then Franchisee must, at its expense, submit samples and specifications, and other business and product information as requested, to Noodles Development for review and/or product testing to determine whether the supplier or distributor and its products and services are satisfactory to Noodles Development and comply with Noodles Development standards and specifications. Noodles Development will also have the right to inspect the facilities of the proposed supplier or distributor. The written approval of Noodles Development must be obtained by Franchisee before any previously unapproved products and services are sold by or used by Franchisee or any previously unapproved supplier or distributor is used by Franchisee.

8.6 Designated Suppliers. Franchisee will purchase from designated suppliers those proprietary sauces, seasonings, spices and other food items and recipe ingredients, designated in writing by Noodles Development which are to be used or sold by Franchisee and which Noodles Development determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the System.

8.7 Branding of Products. Franchisee will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any product or service other than those food items, products and services prescribed or approved by Noodles Development; (b) acquire, develop or manufacture any product using the name Oodles the Art of Fresh™ or any of the other Marks, or direct any other person or entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for Noodles Development for use in the System and which is sold under any of the Marks, or direct any other person or entity to do so; and (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any product created by or at the direction of Noodles Development and sold under the name Oodles the Art of Fresh™ or any of the Marks.

9. **CONFIDENTIAL OPERATIONS MANUAL AND OTHER CONFIDENTIAL INFORMATION**

9.1 Compliance with Operations Manual. Noodles Development will loan Franchisee one copy of its operations manual ("**Operations Manual**") which may be in print, on an access code-protected company intranet or extranet, a CD Rom, or through other media. Noodles Development reserves the right to require Franchisee to use the Operations Manual in only an electronic form. To protect the reputation and goodwill associated with the Marks and the System and to maintain standards of operation, Franchisee will conform to the common image and identity created by the food items, beverages, products, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation and services associated with the Franchised Restaurant which are portrayed and described by the Operations Manual. Franchisee will modify the operations of the Franchised Restaurant to implement all changes, additions and supplements made by Noodles Development to the System which are reflected by the Operations Manual as promptly as reasonably possible. Franchisee will implement all operational changes to the System deemed necessary by Noodles Development, in Noodles Development's sole discretion, to: (a) improve the standards of service or the food items, beverages, and products offered for sale under the System; (b) protect the goodwill associated with the Marks; (c) improve the operation of the Franchised Restaurant; or (d) protect the health and safety of Franchisee's employees, customers or guests. Noodles Development reserves the right to revise the Operations Manual at any time during the Initial Term of this Agreement and any Interim Period in any form of written communication to Franchisee, including, without limitation, by letter, newsletter, memorandum or facsimile. The Operations Manual and all supplements, changes and additions to the Operations Manual are and will be deemed confidential in all respects, and are and will remain the sole and exclusive property of Noodles Development. Franchisee will not use the Operations Manual or any information contained therein in connection with the operation of any other business or for any purpose other than in conjunction with the operation of the Franchised Restaurant. Franchisee acknowledges having received one copy of the Operations Manual on loan from Noodles Development. The Operations Manual will at all times remain the property of Noodles Development, and Franchisee shall immediately return the Operations Manual to Noodles Development upon expiration, termination, or transfer of this Agreement. In the event the Operations Manual is lost, stolen, or destroyed, Franchisee shall pay Noodles Development a replacement fee of five hundred dollars (\$500) before Noodles Development delivers a new Operations Manual to Franchisee.

9.2 Confidentiality of Operations Manual. Franchisee will at all times during the Initial Term of this Agreement and thereafter treat the Operations Manual and any other manuals, materials or information created for or approved for use in the operation of the Franchised Restaurant as secret and confidential, and Franchisee will use all reasonable means to keep this information secret and confidential including, without limitation, limiting access of the Operations Manual to Franchisee's employees and agents on a need-to-know basis. Neither Franchisee nor any employees of Franchisee will make any copy, duplication, record or reproduction of the Operations Manual, or any portion thereof, available to any unauthorized person.

9.3 Revisions to Operations Manual. Noodles Development may occasionally revise the Operations Manual, in the sole discretion of Noodles Development, and Franchisee expressly agrees to operate its Franchised Restaurant in accordance with all revisions at Franchisee's sole expense. Franchisee will at all times keep its copy of the Operations Manual current and up-to-date, and in the event of any dispute regarding the Operations Manual, the terms of the master copy of the Operations Manual maintained by Noodles Development will be controlling in all respects.

9.4 Confidentiality of Other Information. Noodles Development and Franchisee expressly understand and agree that Noodles Development will be disclosing and providing to Franchisee certain confidential and proprietary information concerning the System and the procedures, operations, technology and data used in connection with the System. Franchisee will not, during the Initial Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Franchised Restaurant which may be communicated to Franchisee, or of which Franchisee may be apprised by virtue of this Agreement. Franchisee will divulge the confidential and proprietary information only to its employees who must have access to it in order to operate the Franchised Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, technology, methods, procedures, techniques, recipes, specifications, computer programs, systems and other data which Noodles Development copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement.

10. **SITE SELECTION; CONSTRUCTION COSTS; BUSINESS PREMISES SPECIFICATIONS**

10.1 Site Selection. Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchised Restaurant, regardless of whether the Franchised Location is owned or leased by Franchisee. Accordingly, no provision in this Agreement will be construed or interpreted to impose any obligation upon Noodles Development to locate a site for the Franchised Location, to assist Franchisee in the selection of a suitable site for the Franchised Location, or to provide any assistance to Franchisee in the purchase or lease of the Franchised Location.

10.2 Site Selection Criteria. Franchisee will not lease, purchase or otherwise acquire a site for the Franchised Location until the information as Noodles Development may require

regarding the proposed site has been provided to Noodles Development by Franchisee and until such time as Noodles Development has provided written approval of the site for the Franchised Location. Noodles Development's failure to provide Franchisee with written approval of the proposed Franchised Location within thirty (30) days of submission of all information required by Noodles Development shall be deemed a disapproval. Noodles Development may require Franchisee to provide site information relating to, among other things, accessibility, visibility, potential traffic flows, population trends, household income and financial statistics, lease terms and other demographic information. The review of the site conducted by Noodles Development will not be deemed to be a warranty, representation or guaranty by Noodles Development that if the Franchised Restaurant is opened and operated at that site, it will be a financial success.

10.3 Restaurant Plans. Franchisee will, at its expense, provide Noodles Development all preliminary plans and final build-out specifications (including all charges and modifications) for final approval by Noodles Development. Noodles Development's failure to provide Franchisee with written approval of any preliminary or final build-out plans within thirty (30) days of submission shall be deemed a disapproval. Franchisee will, at its cost, retain a licensed architect reasonably acceptable to Noodles Development and will be responsible for the preparation of working drawings and construction plans and architectural plans and specifications for the Franchised Restaurant. Franchisee will be responsible for the accuracy of the drawings, plans and specifications.

10.4 Construction and Remodeling Costs. Franchisee will, at its expense, be solely responsible for all costs and expenses incurred for the construction, renovation or Remodeling of the Franchised Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the floor plans and layouts necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior decorations, furniture, fixtures, equipment, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

10.5 Compliance with Specifications. The Franchised Location and the Franchised Restaurant will conform to all specifications for decor, furniture, fixtures, equipment, exterior and interior decorating designs and color schemes established by Noodles Development. Franchisee will obtain and pay for the furniture, fixtures, supplies and equipment required by Noodles Development and used by Franchisee for the operation of its Franchised Restaurant. The furniture, fixtures and equipment used in the Franchised Restaurant must be installed and located in accordance with the floor plans approved by Noodles Development, and must conform to the quality standards and uniformity requirements established by Noodles Development.

10.6 Inspection During Construction or Renovation. Franchisee will be solely responsible for inspecting the Franchised Location during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by Noodles Development. Franchisee will be solely responsible for complying with all applicable local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by all federal, state, city, municipal and local laws in connection with the construction or renovation of

Franchisee's business premises at the Franchised Location. Noodles Development will have no responsibility to Franchisee or any other party if the Franchised Location is not constructed or renovated by Franchisee or its architect or contractor: (a) according to the standard specifications established by Noodles Development; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. Franchisee will not open the Franchised Restaurant for business without the prior written approval of Noodles Development.

11. SIGNS

11.1 Approved Signs. All exterior signs at the Franchised Location ("Signs") must comply with the standard sign plans and specifications established by Noodles Development. Noodles Development will provide Franchisee with a copy of the standard sign plans and specifications and Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit the plans and specifications to Noodles Development for its written approval. Noodles Development will have the absolute right to inspect, examine, videotape and photograph the Signs for any reason at any time during the Initial Term of this Agreement or any Interim Period.

11.2 Payment of Costs and Expenses. Franchisee will, at its expense, be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs.

11.3 Modifications; Inspection. Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Noodles Development in writing. Noodles Development will have the unequivocal and unilateral right to redesign the plans and specifications for the Signs during the Initial Term of this Agreement or any Interim Period without the approval or consent of Franchisee. Within thirty (30) days after receipt of written notice from Noodles Development, Franchisee must, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the redesigned plans and specifications as issued by Noodles Development. Franchisee will not be required to modify or replace the Signs more than once every five (5) years.

11.4 Interior Signs. Franchisee will purchase and install in accordance with the written specifications of Noodles Development all interior signs specified in writing occasionally by Noodles Development for use in the Franchised Restaurant. Franchisee will not, without the prior written consent of Noodles Development, install or display any sign, menu board, poster, display or advertisement, whether functional or decorative, other than those items specified in writing by Noodles Development.

12. TELECOMMUNICATION EQUIPMENT; POINT-OF-SALE SYSTEM; COMPUTER HARDWARE AND SOFTWARE

12.1 Telecommunication Equipment. Franchisee will, at its sole expense, obtain and maintain at all times during the Initial Term of this Agreement and any Interim Period, electronic telephone facsimile ("Fax") equipment, and other telecommunications equipment as may occasionally be required by Noodles Development for use in the operation of the Franchised Restaurant. At all times during the Initial Term of this Agreement and any Interim Period, all telecommunications and Fax equipment must be in operation to send and receive information as specified by Noodles Development.

12.2 Point-Of-Sale System. Franchisee will, at its sole expense, obtain and maintain the point-of-sale cash register required by Noodles Development for use in the operation of the Franchised Restaurant. Franchisee's point-of-sale system must at all times during the Initial Term of this Agreement and any Interim Period meet the standards and specifications established occasionally by Noodles Development.

12.3 Computer Hardware. Franchisee will, at its sole expense, purchase the computer hardware and peripherals including printers, monitors, modems and networking equipment ("Computer Equipment") that will serve as, or integrate with, Franchisee's point-of-sale cash register. All Computer Equipment must meet the standards and specifications established by Noodles Development and must be compatible with the software described in Section 12.4. Franchisee, at Franchisee's sole cost and expense, will update the Computer Equipment as may occasionally be required by Noodles Development, which costs and expenses are not limited or capped by Noodles Development in any way. Franchisee will purchase a maintenance agreement for on-site maintenance of Franchisee's point-of-sale cash register.

12.4 Software. Franchisee will purchase the computer software and operating system specified by Noodles Development including software for accounting and cost control, which meets the specifications described in the Operations Manual. Franchisee will, occasionally and at Franchisee's own cost and expense, update the computer software to meet the then-current standards and specifications issued by Noodles Development, which costs and expenses are not limited or capped by Noodles Development in any way.

12.5 Internet Provider. Franchisee will, at all times during the Initial Term of this Agreement and any Interim Period, at Franchisee's expense, have access to the Internet through the Microsoft Network, America On-Line, Prodigy, CompuServe or other Internet access provider designated or approved by Noodles Development.

12.6 E-Mail Address. Franchisee will, at all times during the Initial Term of this Agreement and any Interim Period, maintain an e-mail address on the Internet. Franchisee's e-mail address will be provided to Noodles Development and will be used as a method for Franchisee and Noodles Development to communicate with each other and to transmit documents and other information. Franchisee will not use the words "Oodles the Art of FreshTM," as any part of its e-mail address or its domain name if a Home Page is maintained by Franchisee on the Internet. Franchisee will review its e-mail at least once a day and will respond to all e-

mails within twenty-four (24) hours, except for weekend e-mails, which will be answered every Monday.

12.7 Computer Problems, Viruses, and Attacks. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Noodles Development has taken reasonable steps to ensure that these problems will not materially affect the System. Noodles Development does not guarantee that information or communication systems supplied by Noodles Development or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

13. INSURANCE

13.1 Insurance Requirements. Franchisee must keep in force insurance policies, in the amounts and on the terms, as prescribed by Noodles Development in the Operations Manual, by an insurance company acceptable to Noodles Development at all times during the Initial Term of this Agreement and any Interim Period. Insurance coverage must include general liability, combined single limit, automobile, property insurance, building insurance, bodily injury and property damage insurance for premises operations, products liability and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than the amount set forth in the Operations Manual and adjusted by Noodles Development periodically in Noodles Development's sole discretion. Insurance policies must insure both Franchisee, Noodles Development and Noodles Development's affiliates, its officers, directors, and all other parties designated by Noodles Development, as additional named insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the Franchised Restaurant. The policies must also stipulate that Noodles Development shall receive a thirty (30) day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Noodles Development. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Noodles Development, including original endorsements effecting the coverage required by this Section, shall be furnished to Noodles Development together with proof of payment within ten (10) days of issuance thereof. Franchisee shall also furnish Noodles Development with certificates and endorsements evidencing the insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Noodles Development. Noodles Development reserves the right to require complete, certified copies of all required insurance policies at any time in Noodles Development's sole discretion. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and

effect, Noodles Development may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Noodles Development's choice, and Franchisee shall reimburse Noodles Development for the full cost of the insurance, along with a reasonable service charge to compensate Noodles Development for the time and effort expended to secure the insurance, within five (5) days of the date Noodles Development delivers an invoice detailing the costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Noodles Development to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 18 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance. Noodles Development reserves the right to modify minimum insurance requirements at any time in its sole discretion by updating the Operations Manual and advising Franchisee in writing.

13.2 Defense of Claims. All liability insurance policies procured and maintained by Franchisee in connection with the Franchised Restaurant will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Noodles Development, and their respective officers, directors, agents and employees.

13.3 Group Insurance. Noodles Development shall be entitled at its sole discretion to require the Franchisee to subscribe to its group insurance plan for the purpose of providing all or part of the insurance coverage to be taken out pursuant to Section 13.1. Noodles Development may, in its sole discretion, modify the group insurance plan occasionally as specified by Noodles Development in the Operations Manual or by other written notice occasionally. The Franchisee agrees to participate in the plan if the plan is available to Franchisee. If the underwriters of the plan increase the premiums under the plan as a result of any act or occurrence at the Franchised Restaurant, or as a result of any act or omission of the Franchisee, then the Franchisee shall, for the duration of this Agreement, pay the amount of the increase in premiums. The Franchisee shall comply with all recommendations made by the underwriters of the plan. The Franchisee acknowledges that Noodles Development may receive a rebate, royalty, commission or some other form of benefit in connection with the purchase of group insurance and that Noodles Development is entitled to keep the rebate, royalty, commission or other benefit for its own use and benefit. Noodles Development shall dedicate the rebate, royalty, commission, or other form of compensation towards defraying some of the cost of the annual Conference, but Noodles Development reserves the right to change or redirect the use of the funds at any time in its sole discretion.

14. LICENSING OF MARKS AND RESTAURANT SYSTEM

14.1 Right to License Marks. Noodles Development warrants that, except as otherwise provided for herein, it has the right to grant the Franchise and to license the Marks and the System to Franchisee. Any and all improvements made by Franchisee to the Marks or the System will be the sole and absolute property of Noodles Development, which will have the exclusive right to register and protect all the improvements in its name in accordance with applicable law. Franchisee's right to use and identify with the Marks and the System will exist concurrently with the Initial Term of this Agreement and any Interim Period and the use by Franchisee will inure exclusively to the benefit of Noodles Development.

14.2 Conditions to License Of Marks. Noodles Development hereby grants to Franchisee the nonexclusive personal right to use the Marks and the System in accordance with the provisions of this Agreement. Franchisee's nonexclusive personal right to use Oodles the Art of Fresh™ as the name of the Franchised Restaurant and its right to use the Marks and the System applies only to the Franchised Restaurant at the Franchised Location and the rights will exist only so long as Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "Nonexclusive", for the purposes of this Section, will mean that Noodles Development has or will grant franchises to other franchisees authorizing the franchisees to operate Franchised Restaurants in conformity with the System using the name Oodles the Art of Fresh™ and any other Marks of Noodles Development.

14.3 Franchisee's Authorized Use. Franchisee will only use the Marks designated by Noodles Development and only in the manner authorized and permitted by Noodles Development. Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Noodles Development under this Agreement and under the Lanham Act (15 U.S.C. §1051, *et seq.*). Franchisee will not have or acquire any rights in any of the Marks or the System other than the right of use as provided herein. Franchisee will have the right to use the Marks and the System only in the manner prescribed, directed and approved by Noodles Development in writing and will not have the right to use the Marks in connection with the sale of any products or services other than the Noodles Products and Services approved by Noodles Development for sale by Franchisee. If, in the judgment of Noodles Development, the acts of Franchisee infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the System, then Franchisee will, upon written notice from Noodles Development and at its sole cost and expense, immediately modify its use of the Marks or the System in the manner prescribed by Noodles Development in writing.

14.4 Change in Marks. Noodles Development reserves the right for any reason to designate one or more new, modified or replacement Marks for use by franchisees in the System and to require the use by Franchisee of any new, modified or replacement Marks, in addition to or in lieu of any previously designed Marks. If Noodles Development substitutes for the principal "Oodles the Art of Fresh™" Mark with any new Mark and requires Franchisee to bear expenses associated with changes in signs, menu boards and other items on which the mark appears, Noodles Development shall extend to Franchisee a credit against future fees due to Noodles Development under this Agreement in an amount equal to Franchisee's reasonable actual costs in substituting replacement signs, menu boards and other items, except to the extent that Noodles Development could otherwise under this Agreement require updating of signs, menu boards or similar items.

14.5 Adverse Claims to Marks. If there are any claims by any third party that its rights to any or all of the Marks are superior to those of Noodles Development and if the attorneys for Noodles Development are of the opinion that the claim by a third party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of Noodles Development, then upon receiving written notice from Noodles Development, Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by Noodles Development; provided, however, that Noodles Development shall extend to Franchisee a credit against future fees due to

Noodles Development under this Agreement in an amount equal to Franchisee's reasonable actual costs in adopting any change or amendment to the Marks. If so specified, Franchisee will immediately cease using the Marks specified by Noodles Development, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by Noodles Development in writing at the Franchised Location, and in connection with all advertising, marketing and promotion of the Franchised Restaurant. Franchisee will not make any changes or amendments whatsoever to the Marks or the System unless specified or approved in advance by Noodles Development in writing.

14.6 Defense or Enforcement of Rights to Marks. Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. Franchisee will give Noodles Development written notice within three (3) calendar days of the date Franchisee becomes aware of any and all claims or complaints made against or associated with the Marks and the System and will, without compensation for its time and at its expense, cooperate in all respects with Noodles Development in any lawsuits or other proceedings involving the Marks and the System. Noodles Development will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the System, and the cost and expense of all litigation incurred by Noodles Development including attorneys' fees, specifically relating to the Marks or the System will be paid by Noodles Development.

14.7 Tender of Defense. If Franchisee is named as a defendant or party in any action involving the Marks or the System and if Franchisee is named as a defendant or party solely because the plaintiff or claimant is alleging that Franchisee does not have the right to use the Marks or the System licensed by Noodles Development to Franchisee at the Franchised Location pursuant to this Agreement, then Franchisee will have the right to tender the defense of the action to Noodles Development and Noodles Development will, at its expense, defend Franchisee in the action, provided that Franchisee has tendered defense of the action to Noodles Development within seven (7) days after receiving service of the pleadings or the Summons and Complaint relating to the action. Noodles Development will indemnify and hold Franchisee harmless from any damages assessed against Franchisee in any actions resulting solely from Franchisee's proper and authorized use of the Marks and the System at the Franchised Location if Franchisee has timely tendered defense of the action to Noodles Development.

14.8 Franchisee's Right to Participate in Litigation. Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the System, and may do so with respect to matters involving only Franchisee (i.e., not involving Noodles Development or its interests); however, Noodles Development and its attorneys will control and conduct all litigation involving the Marks or the System and the rights of Noodles Development. Except as expressly provided for herein, Noodles Development will have no liability to Franchisee for any costs that Franchisee may incur in any litigation involving the Marks or the System, and Franchisee will pay for all costs including attorneys' fees that it may incur in any litigation or proceeding arising as a result of matters referred to under this Section, unless it tenders the defense to Noodles Development in a timely manner pursuant to and in accordance with Section 14.7.

15. TRAINING PROGRAM; OPENING ASSISTANCE; ON-GOING TRAINING

15.1 Training Program. Noodles Development will provide a training program ("**Training Program**") for Franchisee or Franchisee's designated Operating Partner and up to two (2) additional employees at the corporate training store ("**Corporate Training Store**") in Scottsdale, Arizona, or at another approved training site designated by Noodles Development in its sole discretion, to educate, familiarize and acquaint Franchisee with the System and the operations of the Franchised Restaurant. More than three (3) employees may attend the Training Program provided that space is available and that Franchisee pays Noodles Development the additional training fee ("**Additional Training Fee**") set out in the Operating Manual, as modified by Noodles Development periodically in Noodles Development's sole discretion. The Noodles Development Training Program will include classroom and on-the-job instruction on basic business procedures, equipment operation and maintenance, hiring and training of employees, scheduling, basic accounting principles, computer operations, advertising and promotion, purchasing procedures, food preparation, food safety, food presentation, food quality, food portions, food and beverage inventory and cost control, customer service, janitorial service, general maintenance and other topics selected by Noodles Development. Franchisee or Franchisee's Operating Partner must attend and successfully complete the Training Program and be certified in writing by Noodles Development before commencing the business operations of the Franchised Restaurant. The Training Program will be scheduled by Noodles Development in its sole discretion and will be for a minimum of fourteen (14) days. Franchisee or Franchisee's Operating Partner must begin training within forty-five (45) days before the projected opening of the Franchised Restaurant. If Franchisee or Franchisee's Operating Partner does not successfully complete the required Training Program, then the person will not be permitted or authorized to participate in the operations of the Franchised Restaurant.

15.2 Changes in Personnel. Franchisee must at all times employ an Operating Partner who has successfully completed the prescribed Training Program and, consequently, have been certified in writing by Noodles Development as qualified to participate in the operation of the Franchised Restaurant. Franchisee will immediately notify Noodles Development in writing of any personnel changes in the position of Operating Partner of the Franchised Restaurant. If Franchisee hires a new Operating Partner who has not successfully completed the required Training Program, then that person must begin the Training Program within thirty (30) days after the date of hire by Franchisee, and must attend and successfully complete the Training Program (though Noodles Development may permit Franchisee to provide some of the training at the Franchised Restaurant to the extent Noodles Development deems appropriate). If, in the judgment of Noodles Development, the new Operating Partner does not successfully complete the required Noodles Development Training Program, then Franchisee will not permit that person to continue to participate in the operation of the Franchised Restaurant. Noodles Development shall train the first replacement Operating Partner at no additional fee to Franchisee, except that Franchisee shall pay for all expenses set forth in Section 15.4. If Noodles Development is required to train more than one replacement Operating Partner, then Noodles Development shall be entitled to charge the replacement training fee ("**Replacement Training Fee**") set forth in the Operations Manual and modified by Noodles Development periodically in Noodles Development's sole discretion. Franchisee shall also pay for all expenses set forth in Section 15.4 for the training.

15.3 Initial Training of New Operating Partners. The initial Training Program for new Operating Partners required pursuant to Section 15.2 of this Agreement will be conducted by Noodles Development at the Franchised Location, Noodles Development's Corporate Training Store in Scottsdale, Arizona, or another site designated by Noodles Development, as determined in the sole discretion of Noodles Development. If Noodles Development provides the initial Training Program for a new Operating Partner at the Franchised Location, then Franchisee will pay Noodles Development the then-current per day on-site training fee and reimburse Noodles Development for all expenses it incurs in connection with providing the training at the Franchised Location, including travel, lodging, food, and automobile rental costs, within ten (10) days after receipt of an invoice from Noodles Development. If the initial Training Program is provided at Noodles Development's headquarters, then Franchisee will not be required to pay any per day training fee or reimburse Noodles Development for its expenses.

15.4 Payment of Salaries and Expenses. Franchisee will pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, lodging, food, entertainment, automobile rental, travel costs and all other expenses for all persons who attend any Noodles Development Training Program on behalf of Franchisee.

15.5 Opening Assistance. After Franchisee or Franchisee's Operating Partner have successfully completed the initial Training Program, then Noodles Development will, at its expense, provide for an "**Opening Consultant**" who will work at the Franchised Location for a period of not less than ten (10) consecutive days to provide opening assistance to Franchisee. The opening assistance will include assisting Franchisee with implementing internal controls, assistance with training employees, purchasing food, beverages, supplies, and other items, implementing accounting procedures, implementing the System and evaluating Franchisee's initial business operations. Franchisee will not open and commence initial business operations until Noodles Development has given Franchisee written approval to open the Franchised Restaurant.

15.6 Hiring And Training of Employees by Franchisee. Franchisee will hire all employees of the Franchised Restaurant, will be exclusively responsible for the terms of their employment and compensation, and will implement a Training Program for employees of the Franchised Restaurant in compliance with the Operations Manual. Franchisee will at all times maintain a staff of trained employees sufficient to efficiently operate the Franchised Restaurant in compliance with the standards established by Noodles Development.

15.7 Ongoing Training. Noodles Development reserves the right to hold and require Franchisee to attend national or regional seminars, conventions, conferences, or continuing development programs ("**Conferences**") on an annual or more frequent basis; provided, however, that Noodles Development will hold mandatory Conferences on an annual basis commencing in the first calendar year following the year in which seventy (70) or more Franchised Restaurants are open and operating in the System ("**Annual Convention**"). Topics of discussion at Conferences and the Annual Convention will include on-going changes in the industry, products, food preparation, recipes, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, and other topics as Noodles Development determines in its discretion. Franchisee will not be required to attend mandatory Conferences more than once each year. Franchisee shall pay for all personal travel

and living expenses for its employees attending any Conference or the Annual Convention, plus other reasonable costs and expenses imposed by Noodles Development. Conferences or the Annual Convention will be held at Noodles Development's corporate headquarters or at alternate locations chosen by Noodles Development. For any Annual Convention, Noodles Development may prepare and deliver to Franchisee and Franchisee will pay Noodles Development a fee ("**Convention Material Fees**") for convention materials such as audio or video cassette recordings or DVDs, written materials, agendas, publications, or summaries of the activities at the Annual Convention, all as determined in Noodle Development's discretion. The Convention Fee for each Annual Convention will be established by Noodles Development in its discretion, but will not exceed the actual cost incurred by Noodles Development in obtaining or preparing such materials.

16. OTHER OBLIGATIONS OF NOODLES DEVELOPMENT

16.1 Obligations of Noodles Development. Consistent with the uniformity requirements and quality standards of Noodles Development, Noodles Development or its authorized representative will: (a) provide Franchisee with a written schedule of all food items, food products, beverages, and other items for sale, and the furniture, fixtures, supplies and equipment necessary and required for the operation of the Franchised Restaurant; (b) provide Franchisee with a list of approved suppliers for the products and services necessary and required for the Franchised Restaurant; (c) upon the reasonable written request of Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of the Franchised Restaurant; (d) provide Franchisee with a sample of the standard Noodles Development menu, and any modifications to the menu; and (e) loan Franchisee a copy of the Operations Manual, and any supplements to the Operations Manual that may be published by Noodles Development.

16.2 On-Site Advisory Assistance. If Franchisee requests in writing that Noodles Development provide advisory management or operations assistance to Franchisee at the Franchised Restaurant and Noodle's Development, in its sole discretion, determines that on-site advisory assistance is necessary, then Noodles Development will provide the on-site advisory assistance deemed necessary by Noodles Development. Noodles Development reserves the right to charge its standard on-site assistance fee ("**On-Site Assistance Fee**") as set forth in the Operations Manual and modified by Noodles Development periodically, in Noodles Development's sole discretion.

17. ASSIGNMENT

17.1 Assignment by Noodles Development. This Agreement may be unilaterally assigned by Noodles Development to a person or entity without the approval of Franchisee and will inure to the benefit of the successors and assigns of Noodles Development. Noodles Development will provide Franchisee with written notice of the assignment after the assignment has been completed, and the assignee will be required to fully perform all obligations of Noodles Development under this Agreement.

17.2 Assignment by Franchisee to Owned or Controlled Entity. If Franchisee is an individual or a general partnership, this Agreement may be transferred by Franchisee to a

corporation, limited partnership or limited liability company that is owned or controlled by Franchisee without paying any Transfer Fee as defined in Section 17.7, provided that: (a) Franchisee and the principals ("**Owners**") who own the voting ownership interests ("**Ownership Interests**") of the assignee entity ("**Assignee Entity**") sign or have signed a personal guaranty substantially in the form attached to this Agreement as **Attachment E**; (b) Franchisee furnishes prior written proof to Noodles Development substantiating that the Assignee Entity will be financially able to perform all of the terms and conditions of this Agreement; and (c) none of the Owners operate, franchise, develop, manage or control any restaurant concept that is in any way similar to or competitive with the Franchised Restaurants in the sole discretion of Noodles Development. Franchisee will give Noodles Development sixty (60) days prior written notice of the assignment of this Agreement to an Assignee Entity owned or controlled by Franchisee; however, the assignment of this Agreement will not be valid or effective until Noodles Development has approved, in writing, the assignment of this Agreement to the Assignee Entity as provided herein.

17.3 Assignment by Individual Franchisee in Event of Death or Permanent Disability.
If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be assigned, transferred or bequeathed by Franchisee to any designated person or beneficiary without the payment of any Transfer Fee. However, the assignment of this Agreement to the transferee, assignee or beneficiary of Franchisee will be subject to the applicable provisions of Section 17.5, and will not be valid or effective until Noodles Development has received the properly signed legal documents which its attorneys deem necessary to properly and legally document the transfer, assignment or bequest of this Agreement. The transferee, assignee or beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of Franchisee's obligations under this Agreement. Furthermore, the transferee, assignee or beneficiary must complete the initial Training Program as set forth in Section 15.1 of this Agreement. The training will be conducted at Noodles Development's Corporate Training Store in Scottsdale, Arizona or at another approved training site designated by Noodles Development in Noodles Development's sole discretion.

17.4 Noodles Development's Right of First Refusal. Franchisee covenants and agrees to give Noodles Development the following right of first refusal option before the sale of the Franchised Restaurant to an approved third party:

(a) Franchisee agrees to notify Noodles Development within five (5) days in writing of its receipt of a bona fide offer to purchase ("**Purchase Offer**") the Franchised Restaurant ("**RFR Notice**"). Franchisee, in the RFR Notice, will set forth the price and terms upon which the sale is contemplated and provide a copy of the Purchase Offer.

(b) Upon being notified of Franchisee's intent to sell the Franchised Restaurant, Noodles Development will have thirty (30) days in which to notify Franchisee that it will purchase the Franchised Restaurant pursuant to the terms and price set forth in the RFR Notice, except that Noodles Development shall have the option to substitute cash for any other consideration outlined in the Purchase Offer. Franchisee covenants that Franchisee will not sell, transfer, assign, or convey any interest, title or

rights in the Franchised Restaurant for at least thirty (30) days after receipt by Noodles Development of said RFR Notice.

(c) If Noodles Development decides to purchase the Franchised Restaurant, Noodles Development will inform Franchisee in writing. The closing date shall be within sixty (60) days of the date of Noodles Development's notification to Franchisee that it will purchase the Franchised Restaurant. The closing shall be at Noodles Development's office and payment shall be made by Noodles Development's business check upon receipt of all documents reasonably required by Noodles Development to complete the sale.

(d) If Noodles Development decides not to purchase the Franchised Restaurant, or upon the expiration of the thirty (30) day period specified in this Section, Franchisee may proceed with the sale of the Franchised Restaurant pursuant to the terms and conditions set forth above if all the requirements set forth in Section 17.5 are satisfied.

(e) If Franchisee decides to sell the Franchised Restaurant at a different price or upon different terms than recited in the RFR Notice to Noodles Development, Noodles Development must again be notified and provided a copy of the new written Purchase Offer with another ten (10) days to exercise its right of first refusal option.

17.5 Assignment by Franchisee. In the event Noodles Development elects not to purchase the Franchised Restaurant in accordance with Section 17.4 of this Agreement, or upon the expiration of the thirty (30) day period, this Agreement and the rights granted to Franchisee pursuant to this Agreement may be sold, assigned or transferred by Franchisee only with the prior written approval of Noodles Development. Noodles Development will not unreasonably withhold its written consent to any sale, assignment or transfer of this Agreement if the sale, assignment or transfer does not violate Section 17.8 of this Agreement and if Franchisee and the transferee franchisee ("**Transferee**") comply with the following conditions: (a) Franchisee has provided written notice to Noodles Development of the proposed sale, assignment or transfer of this Agreement with a copy of the written offer ("**Sale Notice**") setting forth the price and terms of the contemplated sale, assignment or transfer at least sixty (60) days before the transaction; (b) all of Franchisee's monetary obligations due to Noodles Development have been paid in full, and Franchisee is not otherwise in default under this Agreement at the time Franchisee provides Noodles Development with the Sale Notice or as of the scheduled closing date of the sale; (c) Franchisee has signed a written agreement, in a form satisfactory to Noodles Development, in which Franchisee agrees to observe all applicable provisions of this Agreement including the provisions with obligations and covenants that continue beyond the expiration or termination of this Agreement including the covenants not to compete contained in Section 20 of this Agreement; (d) Noodles Development and Franchisee have signed a joint and mutual release, in a form satisfactory to Noodles Development, of any and all claims against Noodles Development or Franchisee and of any and all claims against their respective officers, directors, shareholders, Owners, agents and employees, in their corporate and individual capacities arising from, in connection with, or as a result of this Agreement or Franchisee's purchase and operation of the Franchised Restaurant including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however,

that Noodles Development and Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them; (e) the Transferee has demonstrated to the satisfaction of Noodles Development that it meets the managerial, financial and business standards required by Noodles Development for new franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Franchised Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), (f) the Transferee and all parties having a legal or beneficial interest in the Transferee including, if applicable, the Transferee's Owners and the Personal Guarantors, sign the transfer and assignment agreement between Noodles Development, Franchisee and the Transferee and the other ancillary agreements as Noodles Development or its legal counsel may require for the transfer of this Agreement for the Franchised Restaurant to the Transferee, including the then-current form of Franchise Agreement which may contain terms materially different from this Agreement, including a higher Continuing Royalty Fee, CAB Contribution, and other fees and assessments; (g) the Transferee has purchased the Franchised Location, acquired the lease for the Franchised Location or otherwise acquired possession of and access to the Franchised Location for a term consistent with the remaining term of the new Franchise Agreement; (h) the Transferee has purchased or otherwise acquired a valid food service license for the Franchised Restaurant at the Franchised Location; (i) the Transferee has successfully completed the initial Training Program as set forth in Section 15.1 of this Agreement; and (j) the Franchisee has paid to Noodles Development a Transfer Fee as set forth in Section 17.7.

17.6 Acknowledgment of Restrictions. Franchisee acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect the System and the Marks, as well as the reputation and image of Noodles Development, and are for the protection of Noodles Development, Franchisee and all other franchisees who own and operate Oodles the Art of Fresh™ Restaurants. Any assignment or transfer permitted by this Section will not be effective until Noodles Development receives a completely signed copy of all transfer documents, including a then-current Franchise Agreement, and Noodles Development consents to the transfer in writing. Any attempted assignment or transfer made without complying with the requirements of this Section will be void.

17.7 Transfer Fee. If this Agreement is assigned, transferred or bequeathed to another person or entity, or if the Owners transfer in the aggregate controlling interest in Franchisee to a third party, then except as provided for in Section 17.2 or Section 17.3, Franchisee will pay Noodles Development, on or before the date of transfer, a transfer fee ("**Transfer Fee**") equal to twenty-five percent (25%) of the then-current Initial Franchise Fee. The Transfer Fee is to cover the costs incurred by Noodles Development in connection with the transfer, including attorneys' fees, accountants' fees, out-of-pocket expenses, long distance telephone calls, administrative costs and the time of its employees and officers. The Transfer Fee also covers the costs to Noodles Development to provide the initial Training Program to the Transferee or the Transferee's Operating Partner at Noodles Development's Corporate Training Store in Scottsdale, Arizona or at another approved training site designated by Noodles Development. The Transfer Fee will not cover the salary or expenses incurred by the Transferee or the transferee's Operating Partner incurred while attending the initial Training Program, and salaries and expenses of these persons will be paid by the Transferee in accordance with Section 15.4 of this Agreement.

17.8 Transfer to Competitor Prohibited. Franchisee and the Owners will not sell, assign or transfer this Agreement or their Ownership Interests in Franchisee or the Franchised Restaurant to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any restaurant concept that is in any way similar to or competitive with Oodles the Art of Fresh™ Restaurants.

18. TERMINATION RIGHTS OF NOODLES DEVELOPMENT

18.1 Events of Default With Opportunity to Cure. In addition to its other rights of termination contained in this Agreement, Noodles Development will have the right to terminate this Agreement if:

(a) Franchisee violates any material provision, term or condition of this Agreement including, but not limited to, the failure to timely pay the Initial Franchise Fee, any Continuing Royalty Fees, any CAB Contribution or any other monetary obligations or fees due pursuant to this Agreement;

(b) Franchisee fails to timely pay any of its obligations or liabilities due and owing to Noodles Development, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government (including, if applicable, federal and state income, sales, property, withholding and unemployment taxes);

(c) any check issued by Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts;

(d) Franchisee fails to timely file any federal or state income or sales tax return or fails to timely pay any federal or state income or sales taxes; or

(e) Franchisee fails or refuses to provide the documents, records and other materials requested by Noodles Development to substantiate the Monthly Reports and Financial Statements pursuant to Section 6.2 or to produce and permit Noodles Development to audit Franchisee's Financial Records in accordance with Section 6.4 of this Agreement.

18.2 Notice of Breach. Except as provided in Section 18.5 and Section 18.6 of this Agreement, Noodles Development will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in detail has been delivered to Franchisee by Noodles Development; and (b) after receiving the written notice, Franchisee fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then Franchisee will have ten (10) days after receipt of the written notice to correct the alleged breach, except where the written notice states that Franchisee is delinquent in the payment of the Initial Franchise Fee, Continuing Royalty Fees, CAB Contributions or other payments payable to Noodles Development pursuant to this Agreement, in which case Franchisee will have five (5) days after receipt of written notice to correct the breach by making full payment (including administrative fees and interest as provided for herein) to Noodles Development. If Franchisee fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated

by Noodles Development as provided for in this Agreement. For the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be corrected if both Noodles Development and Franchisee agree in writing that the alleged breach has been corrected.

18.3 Notice of Termination. Except as provided in Section 18.4 and Section 18.5, if Noodles Development has complied with the provisions of Section 18.2 and Franchisee has not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then Noodles Development will have the absolute right to terminate this Agreement by giving Franchisee written notice stating to Franchisee that this Agreement is terminated, and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee.

18.4 Immediate Termination Rights of Noodles Development. Noodles Development will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if:

- (a) the Franchisee misrepresented or omitted material facts which induced Noodles Development to enter into this Agreement;
- (b) Franchisee or Franchisee's Operating Partner fails to satisfactorily complete the initial Training Program or to designate an acceptable site pursuant to Section 10;
- (c) Franchisee contests the validity of, or Noodles Development ownership of any of the Marks in any court or proceeding;
- (d) Franchisee makes an unauthorized assignment or transfer;
- (e) Franchisee is a business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate the entity without Noodles Development's prior written consent;
- (f) Franchisee voluntarily Abandons or ceases operation of the Franchised Restaurant for more than five (5) consecutive days;
- (g) the Franchisee or any owner of greater than ten percent (10%) of the Franchise entity or operator is charged with or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Noodles Development, to materially and unfavorably affect the System, Marks, goodwill or reputation of Development;
- (h) the lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons, or Franchisee otherwise loses possession of all or a significant portion of the Franchised Location;

(i) Franchisee's food service license for the Franchised Location is terminated or canceled for any reason, or Franchisee otherwise loses the food service license for its Franchised Restaurant;

(j) Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee, or Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(k) Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(l) Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks of Noodles Development or with the System and Franchisee fails to correct the breach within twenty-four (24) hours of receipt of written notice from Noodles Development of the breach;

(m) Franchisee violates any provision, term or condition of this Agreement three (3) or more times during a twelve (12) month period, without regard to whether the violations were of a similar or different nature or whether the violations were corrected within the prescribed cure period after receipt of written notice of the violations; or

(n) Franchisee fails to attend two (2) consecutive Annual Conferences without advanced written permission from Noodles Development, which may be granted or denied at Noodles Development's discretion.

18.5 Notice of Immediate Termination. Except as set forth in Section 18.4(l), if this Agreement is terminated by Noodles Development pursuant to Section 18.4 above, then Noodles Development will give Franchisee written notice by personal service or prepaid registered or certified mail that this Agreement is terminated and in that event the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee. If this Agreement is terminated by Noodles Development pursuant to Section 18.4(l), then this Agreement will terminate on the first minute of the twenty-fifth hour after receipt of the written notice of breach if Franchisee fails to correct the alleged breach within twenty-four (24) hours after receiving written notice of the breach.

18.6 Other Remedies. Nothing in this Section 18 will preclude Noodles Development from seeking other remedies or damages under state or federal Laws, common law, or under this Agreement against Franchisee including, but not limited to, attorneys' fees, punitive damages and injunctive relief. If this Agreement is terminated by Noodles Development pursuant to this Section, or if Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Noodles Development will be entitled to all damages from Franchisee that Noodles Development has sustained and will sustain in the future as a result of Franchisee's breach of this Agreement, including lost future profits.

19. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

19.1 Termination or Expiration of this Agreement. If this Agreement is canceled or terminated for any reason or this Agreement expires, then Franchisee will: (a) within five (5) days after termination, pay all Continuing Royalty Fees, CAB Contributions and other fees and other amounts due and owing under this Agreement or under any other contract, promissory note or other obligation due and owing by Franchisee to Noodles Development; (b) immediately return to Noodles Development by first class prepaid United States mail the Operations Manual, menus, advertising materials and all other printed materials pertaining to the Franchised Restaurant; (c) immediately cease operating the Franchised Restaurant; (d) immediately cease using the licensed Marks in any form or fashion; (e) assign the lease of the Franchised Restaurant to Noodles Development, if requested by Noodles Development, pursuant to the Collateral Assignment of Lease; and (f) immediately cease all advertising or other use of the System, operating methods or any part thereof, any forms, systems, slogans, signs, logos, Marks, symbols, colors or devices used in connection with the Franchised Restaurant and products sold therein.

19.2 Alteration of Franchised Location. If this Agreement expires or is terminated for any reason, or if the Franchised Location ever ceases to be used for the Franchised Restaurant, then within thirty (30) days after the date of the expiration or termination of this Agreement Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Franchised Restaurant. At a minimum, these changes and modifications to the Franchised Location will include: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with totally different colors including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures, and other decor items associated with a Franchised Restaurant and replacing them with other decor items not of the general type and appearance customarily used in Franchised Restaurants; (c) removing all exterior and interior Signs; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in a Franchised Restaurant. Franchisee acknowledges that the costs associated with modifying the Franchised Location will not be capped or limited in any way by Noodles Development.

19.3 Cancellation of Telephone Numbers, Directory Listings, and Internet Services. Upon termination or expiration of this Agreement, Franchisee shall cancel or assign within five (5) days all registrations relating to Franchisee's use of any of the Marks, in Noodles Development's sole and absolute discretion. Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of the Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to Noodles Development or any new franchisee as may be directed by Noodles Development. The Franchisee acknowledges as between Noodles Development and the Franchisee, Noodles Development has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the System. The Franchisee hereby irrevocably appoints Noodles Development, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to sign the directions

and authorizations as may be necessary or prudent to accomplish the foregoing. This appointment is evidenced by **Attachment G**.

19.4 Continuation of Obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.5 Option to Purchase Furniture, Fixtures and Equipment. Franchisee grants to Noodles Development the right and option to purchase, upon the termination of this Agreement, by expiration of its Initial Term or any Interim Period or otherwise, all or any portion of Franchisee's furniture, fixtures, signs and equipment and other chattels for an amount equal to the fair market value of the property (as hereinafter defined) and it is specifically agreed that the sum shall be fair, reasonable, and adequate compensation. Noodles Development shall exercise this right within thirty (30) days of the termination of this Agreement. "**Depreciated Value**" of any property hereunder shall mean Franchisee's original cost of the property less an amount equal to twenty percent (20%) of the original cost for each year or portion thereof from the date of Franchisee's purchase of the property to the date of Franchisee's sale to Noodles Development of the property. If the Depreciated Value is equal to zero, then Noodles Development shall pay to Franchisee fair market value for these items. Nothing contained in this Section 19.5 shall impair or affect any rights of Noodles Development with respect to furniture, fixtures, signs, equipment and chattels that might accrue to Noodles Development by way of subrogation. If state law specifically prohibits this, then the amount paid shall be the minimum amount permitted under state law.

19.6 Failure to Comply. Upon the failure to perform any of the duties contained in this Section 19, unless directed in writing by Noodles Development to the contrary, Franchisee shall pay to Noodles Development One Thousand Dollars (\$1,000) per day until Franchisee performs the required obligations described hereinabove.

20. FRANCHISEE'S COVENANTS NOT TO COMPETE

20.1 Consideration. Franchisee, the Owners and the Personal Guarantors acknowledge that Franchisee, its officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking, and food preparation information, and trade secrets from Noodles Development pertaining to the System and the operation of the Franchised Restaurant. In consideration for this information, Franchisee, the Owners and the Personal Guarantors will comply in all respects with the provisions of this Section. Noodles Development has advised Franchisee that this provision is a material provision of this Agreement, and that Noodles Development will not sell a Franchised Restaurant to any person or entity that owns or intends to own, operate or be involved in any quick service or fast casual noodle business or any similar business that competes directly or indirectly with a Franchised Restaurant; provided however, that Noodles Development may, under certain circumstances, exclude from the coverage of Section 20.2 and Section 20.3 existing operational restaurant(s) owned and operated by Franchisee as of the date of this Agreement.

20.2 Covenants Not to Compete. During the Initial Term of this Agreement, any Interim Period, and for two (2) years after termination, transfer, or expiration of this Agreement

or any Interim Period for any reason, neither Franchisee, nor persons associated with Franchisee, including Owners, Operating Partners, Personal Guarantors, employees or agents, may participate directly or indirectly or serve in any capacity in any restaurant or business engaged in the sale of services or products the same as, similar to, or competitive with the System, the Franchised Restaurant, or in any channel of distribution selling similar products. This covenant not to compete applies: (i) during the Initial Term of the Agreement and any Interim Period, within any state in which Noodles Development, the affiliates of Noodles Development, or franchisees do business; and after termination within a ten (10) mile radius from the boundary of the Franchised Location, and from any franchised, Noodles Development-owned or affiliated company-owned premises; (ii) on the Internet; and (iii) in any other multi-area marketing channels used by Noodles Development.

This covenant not to compete is given in part in consideration for training and access to Noodles Development's trade secrets, and which, if used in a competitive business without paying royalties and other payments, would give Franchisee an unfair advantage over Noodles Development and Noodles Development's franchisees and affiliates. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.

20.3 Injunctive Relief. Franchisee, the Owners and the Personal Guarantors agree that the provisions of this Section are necessary to protect the legitimate business interest of Noodles Development and its franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of Noodles Development and its franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the System of Noodles Development, preventing duplication of the System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. Franchisee, the Owners and the Personal Guarantors also agree that damages alone cannot adequately compensate Noodles Development if there is a violation of this Section by Franchisee, the Owners or the Personal Guarantors, and that injunctive relief against Franchisee is essential for the protection of Noodles Development and its franchisees. Franchisee, the Owners and the Personal Guarantors agree therefore, that if Noodles Development alleges that Franchisee, the Owners or the Personal Guarantors have breached or violated this Section, then Noodles Development will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee, the Owners and the Personal Guarantors, in addition to all other remedies that may be available to Noodles Development. Noodles Development will not be required to post a bond or other security for any injunctive proceeding. If Noodles Development is granted ex parte injunctive relief against Franchisee, the Owners or the Personal Guarantors, then Franchisee, the Owners or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

20.4 Severability. It is the desire and intent of the parties to this Agreement, including the Owners and the Personal Guarantors, that the provisions of this Section be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Section is adjudicated to be invalid or unenforceable, then this Section will be deemed to modify or delete that portion thus adjudicated

to be invalid or unenforceable, the modification or deletion to apply only with respect to the operation of this Section in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Section is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

21. INDEPENDENT CONTRACTORS

In all dealings with third parties, including employees, suppliers and customers, Franchisee shall disclose in an appropriate manner acceptable to Noodles Development that it is an independent entity licensed by Noodles Development. Nothing in this Agreement is intended to create a fiduciary relationship between Franchisee and Noodles Development, or any of its affiliates, or to establish Franchisee as an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of Noodles Development for any purpose whatsoever. Franchisee is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Noodles Development.

22. INDEMNIFICATION

22.1 Indemnification. Noodles Development will not be obligated to any person or entity for any damages arising out of, from, in connection with, or as a result of, directly or indirectly, Franchisee's negligence or in the operation of the Franchised Restaurant. Therefore, Franchisee will indemnify, defend, and hold Noodles Development, its respective directors, officers, agents, and shareholders, jointly and severally, harmless from and against, and will reimburse Noodles Development, its respective directors, officers, agents, and shareholders for, all damages for which Noodles Development is held liable and for all costs incurred by Noodles Development in the defense of any claim or action brought against Noodles Development and/or its respective directors, officers, agents, and shareholders arising from, in connection with, arising out of, or as a result of, either directly or indirectly, Franchisee's negligence or wrongdoing in the operation of the Franchised Restaurant including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and travel and living expenses. Franchisee will specifically indemnify Noodles Development, its respective directors, officers, agents, and shareholders, jointly and severally, without limitation, for all claims and damages arising from, out of, in connection with, or as a result of, directly or indirectly: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of Franchisee or its employees, agents or representatives; (b) any failure on the part of Franchisee to comply with any requirement of any laws or any governmental authority; (c) any failure of Franchisee to pay any of its obligations to any person or entity; (d) any failure of Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Noodles Development; (e) any misfeasance, malfeasance, or nonfeasance by Franchisee; and (f) any tort. Noodles Development will have the right to defend any claim made against it arising from, as a result of, in connection with or out of Franchisee's negligence or the operation of the Franchised Restaurant.

22.2 Payment of Costs and Expenses. Franchisee will pay all reasonable attorneys' fees, costs and expenses incurred by Noodles Development in the event that Noodles Development initiates legal proceedings to enforce any material term, condition or provision of this Agreement, including its termination provisions, or in enjoining any material violation of this Agreement by Franchisee.

22.3 Continuation of Obligations. The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23. ENFORCEMENT AND DISPUTE RESOLUTION

23.1 Injunctive Relief. Noodles Development will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) Franchisee's use of the Marks or the System; (b) the obligations of Franchisee upon termination or expiration of this Agreement; (c) the sale, transfer or assignment of this Agreement, the Franchised Restaurant or the Ownership Interests of Franchisee; (d) Franchisee's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete; and (e) any act or omission by Franchisee or Franchisee's employees that (1) constitutes a violation of any applicable law, ordinance or regulation, (2) is dishonest or misleading to the guests or customers of the Franchised Restaurant or other Oodles the Art of Fresh[™] Restaurants, (3) constitutes a danger to the employees, public, guests or customers of the Franchised Restaurant, or (4) may impair the goodwill associated with the Marks or the System.

23.2 Arbitration. Except as specifically provided under this Agreement, any dispute or claim relating to or arising out of this Agreement must be resolved exclusively by mandatory arbitration by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") or another arbitration service agreed to by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree in writing. No award in arbitration involving Noodles Development will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. A single arbitrator shall be selected in accordance with standard AAA procedure, and the proceedings will be conducted at its Phoenix, Arizona office. Each party shall bear all of its own costs and attorneys' fees and one-half of the arbitrator's expenses. The decision of the arbitrator shall be final and binding.

23.3 Applicability. This dispute resolution section applies to claims by and against all parties and their affiliates, successors, owners, Operating Partners, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, except as stated above. This dispute resolution clause shall survive the termination or expiration of this Agreement.

23.4 Governing Arbitration Law. Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitration or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. This federal act preempts any state rules on arbitration, including those relating to the site of arbitration. Judgment on an arbitration

award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

23.5 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

23.6 Governing Law/Consent to Venue and Jurisdiction. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement shall be interpreted under the laws of the state of Arizona and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Arizona, which laws shall prevail in the event of any conflict of law. Franchisee and Noodles Development have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**"), and Noodles Development, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, "**Noodles Development Affiliates**"), the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Arizona or the Phoenix office of the AAA and each party waives any objection it may have to the personal jurisdiction of or venue in the state and federal courts of Arizona or the Phoenix, Arizona office of the AAA. Noodles Development, Noodles Development Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury.

23.7 Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Noodles Development is invalid or unenforceable under applicable law, then the prior notice or other action required by the law or rule will be substituted for the notice requirements hereof, or the invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. The modifications to this Agreement will be effective only in the jurisdiction.

23.8 Waiver. Noodles Development and Franchisee may, by written instrument signed by Noodles Development and Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Noodles Development of any payment by Franchisee and the failure, refusal or neglect of Noodles Development to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not

constitute a waiver by Noodles Development of any provision of this Agreement. Noodles Development will have the absolute right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for Franchisee and, except to the extent provided by law, Noodles Development will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees of Noodles Development without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

23.9 Payments to Noodles Development. Franchisee will not, on grounds of the alleged nonperformance by Noodles Development of any of its obligations under this Agreement, any other contract between Noodles Development and Franchisee, or for any other reason, withhold payment of any Continuing Royalty Fees, CAB Contributions or any other fees or payments due Noodles Development pursuant to this Agreement or pursuant to any other contract, agreement or obligation to Noodles Development. Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to Franchisee by Noodles Development against any Continuing Royalty Fees, CAB Contributions, or any other fees or payments due to Noodles Development by Franchisee under this Agreement.

23.10 Cumulative Rights. The rights of Noodles Development hereunder are cumulative and no exercise or enforcement by Noodles Development of any right or remedy hereunder will preclude the exercise or enforcement by Noodles Development of any other right or remedy hereunder or which Noodles Development is entitled by law to enforce.

23.11 Binding Agreement. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest

23.12 Joint and Several Liability. If Franchisee consists of more than one person, their liability under this Agreement will be deemed to be joint and several.

23.13 No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer of Franchisee and the General Partner of Noodles Development.

23.14 Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either Noodles Development or Franchisee that are not contained in this Agreement will not be enforceable. The introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Noodles Development and Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement.

23.15 Headings; Terms. The headings of the Sections are for convenience only and do not in any way define, limit or construe the contents of these Sections. The term "**Franchisee**" as used herein is applicable to one or more individuals, a corporation, a limited liability company, or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "**Franchisee**," "**assignee**" and "**Transferee**" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of Franchisee or any assignee or Transferee if Franchisee or assignee or Transferee is a corporation, a limited liability company or a partnership.

23.16 Venue and Jurisdiction. All litigation, court proceedings, mediation proceedings, lawsuits, court hearings and other hearings initiated by Franchisee or Noodles Development must and will be subject to the venue of the state and federal courts located in Phoenix, Arizona. Franchisee, its officers, directors and Owners, and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Arizona for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchised Restaurant, and do hereby agree and stipulate that any suits, proceedings and hearings will be held exclusively within the venue of, and held in, Phoenix, Arizona. Franchisee, each of its officers, directors and Owners, and the Personal Guarantors hereby waive any rights to contest the venue and jurisdiction and any claims that the venue and jurisdiction are invalid.

24. NOTICES

Any notice to be given hereunder shall be in writing and shall be deemed to be given three (3) days after being deposited with the United States Postal Service, certified or registered mail, return receipt requested, with sufficient postage prepaid, or if delivered by facsimile, the notice shall be deemed to be given on the business day immediately following the day on which it was transmitted via facsimile.

Any Notice to Noodles Development shall be sent to:

Noodles Development, L.P.
14500 N. Northsight, Suite 216
Scottsdale, AZ 85260
Attention: Todd Welker
Facsimile: (480) 513-7989

With a copy (which shall not constitute Notice) in the same manner to:

Snell & Wilmer, L.L.P.
1200 Seventeenth Street, Suite 1900
Denver, CO 80202
Attention: Kevin P. Hein, Esq.
Facsimile: (303) 634-2020

Any Notice to Franchisee shall be sent to:

Attention: _____
Facsimile: _____

With a copy (which shall not constitute Notice) in the same manner to:

Attention: _____
Facsimile: _____

25. DISCLAIMER; ACKNOWLEDGMENTS

25.1 Disclaimer. Noodles Development does not warrant or guarantee to Franchisee that Franchisee will derive income or profit from the Franchised Restaurant, or that Noodles Development will refund all or part of the Initial Franchise Fee or the price paid for the Franchised Restaurant or repurchase any of the supplies, products, technology or equipment supplied or sold by Noodles Development or by an approved or designated supplier if Franchisee is in any way unsatisfied with its Franchised Restaurant. Noodles Development expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Sales, business or financial success, or value of the Franchised Restaurant except as contained in the Noodles Development Uniform Franchise Offering Circular received by Franchisee.

25.2 Acknowledgments by Franchisee. Franchisee acknowledges that it has conducted an independent investigation of the Oodles the Art of Fresh™ franchise opportunity and recognizes that the business venture contemplated by this Agreement involves business and economic risks. Franchisee acknowledges that the financial, business and economic success of the Franchised Restaurant will be primarily dependent upon the personal efforts of Franchisee, its management and its employees, and on economic conditions in the area where the Franchised Location is located and economic conditions in general. Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Gross Sales, income, profits, earnings, expenses, financial or business success, value of the Franchised Restaurant, or other economic matters pertaining to the Franchised Restaurant from Noodles Development or any of its agents that were not expressly set forth in the Noodles Development Uniform Franchise Offering Circular received by Franchisee from Noodles Development (hereinafter referred to in this provision as “**Representations**”). Franchisee further acknowledges that if it had received any Representations, it would not have signed this Agreement, and that it would have promptly notified Noodles Development in writing of the person or persons making these Representations, and provided to Noodles Development a specific written statement detailing the Representations made.

25.3 Other Franchisees. Franchisee acknowledges that other franchisees of Noodles Development have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of other franchises may vary substantially in form and in substance from those contained in this Agreement.

25.4 Receipt of Agreement and Uniform Franchise Offering Circular. Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five (5) business days before the date that this Agreement was signed by Franchisee. Franchisee further acknowledges that it received a copy of the Noodles Development Uniform Franchise Offering Circular at least ten (10) business days before the date on which this Agreement was signed.

26. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

26.1 **"Abandon"** will mean the conduct of Franchisee indicating the willingness, desire or intent of Franchisee to discontinue operating the Franchised Restaurant in accordance with the quality standards, uniformity requirements and the System as described in this Agreement and the Operations Manual including, but not limited to, the failure of Franchisee to operate the Franchised Restaurant for five (5) or more consecutive days without the prior written approval of Noodles Development or the failure of Franchisee to remain open for business during the business hours specified by Noodles Development in the Operations Manual or otherwise. In any event, Noodles Development may elect to manage the Franchised Restaurant and will thereafter be entitled, in addition to collecting Continuing Royalty Fees and CAB Contributions, to collect a management fee in the amount of three percent (3%) of Gross Sales plus any out-of-pocket expenses incurred by Noodles Development.

26.2 **"Business Records"** means evidence of each business transaction, and all financial, marketing, and other operating aspects of the Business, and all evidence and records with respect to customers, employees, and other service professionals relating to the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business.

26.3 **"Designated Market Area"** or **"DMA"** will mean each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or any other ratings service as may be designated by Noodles Development.

26.4 **"Dollars"** will mean United States of America dollars.

26.5 **"Gross Sales"** will mean the total dollar sales from all customers of Franchisee's Franchised Restaurant, and will include all cash and credit sales made by Franchisee of every kind and nature made at, from, by or in connection with the Franchised Restaurant including, but not limited to, all dollars and income received from the sale of: (a) all food, food products and

food items, whether prepared in the Franchised Restaurant or pre-packaged; (b) all beverages and drinks; (c) any and all goods, products or items sold under any of the Marks, (d) telephones; (e) banquets; (f) catering; (g) carry-out items; (h) any and all other food, products, and services; (i) all off-premises sales of food, food products and all other products and services offered in connection with the Franchised Restaurant; (j) all sales, use or gross receipts tax rebates; and (k) all business interruption insurance payments made to Franchisee. Gross Sales will not include: any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of the tax, and the amount of the tax is paid to the appropriate taxing authority by Franchisee; the amount of all discounts and coupons issued to the public by Franchisee and which are taken or redeemed at the Franchised Restaurant provided that a specific record is made each time a customer takes a discount or redeems a coupon of the amount of the reduction in the menu price as a result of the discount taken or coupon redeemed; and, the amount of all employee meal discounts (e.g., Operating Partner meals) taken by employees of Franchisee at the Franchised Restaurant provided that a specific record is made each time an employee takes an employee meal discount of the amount of the reduction in menu price as a result of the discount.

26.6 **“Operating Partner”** will mean the individual who will manage the operations of the Franchised Restaurant including, but not limited to, administration, basic operations, marketing, customer and community relations, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location.

26.7 **“Marks”** will include the name Oodles the Art of Fresh™ and other trademarks, trade names, service marks, logos and commercial symbols, and phrases, slogans, and tag lines as Noodles Development has or may develop for use in connection with the Oodles the Art of Fresh™ Restaurants.

26.8 **“Ownership Interests”** will mean capital stock if Franchisee is a corporation, membership interest if Franchisee is a limited liability company, partnership interest if Franchisee is a partnership, limited or general partnership interests if Franchisee is a limited or general partnership and will include all other types and means of ownership of Franchisee.

26.9 **“Owner”** will mean any person or entity who owns shares of capital stock in Franchisee if Franchisee is a corporation, a membership interest in Franchisee if Franchisee is a limited liability company, a partnership interest in Franchisee if Franchisee is a partnership, a limited or general partnership interest if Franchisee is a limited partnership and will include all other persons or entities owning any other type of Ownership Interest.

26.10 **“System”** will mean the distinctive food, beverages, food products, and other products and services which are associated with the trademarks, trade names, service marks, copyrights, distinctive interior and exterior building designs, decor, furnishings, menus, uniforms, slogans, signs, logos, commercial symbols and color combinations of Noodles Development. System will include all of the uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising, and instructions promulgated by Noodles Development.

26.11 **“Week”** or **“weekly”** will mean a period of seven (7) consecutive days from Monday through Sunday.

IN WITNESS WHEREOF, Noodles Development and Franchisee have signed this Agreement as of the Effective Date first above written.

NOODLES DEVELOPMENT, L.P.,
a Texas limited partnership

By: **NOODLES MANAGEMENT, LLC**, a Texas
limited liability company, General Partner

By: _____
Todd Welker, Operating Partner

FRANCHISEE:

a(n) _____

By: _____
Name: _____
Title: _____