NOODLES & Co
Form DEF 14A
April 03, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Filed by the Registrant ý Filed by a Party other than the Registrant ¨

Check the appropriate box:
¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12
Noodles & Company
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):
ý No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 3, 2019

To Our Stockholders:

You are cordially invited to attend the 2019 Annual Meeting of Stockholders of Noodles & Company at the offices of the Company at 520 Zang Street, Suite D, Broomfield, Colorado, on May 15, 2019, at 1:00 p.m. local time.

The matters expected to be acted upon at the meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Please cast your vote as soon as possible over the Internet, by telephone, or, if you received a paper copy of the proxy materials, by completing and returning the enclosed proxy card in the postage-prepaid envelope so that your shares are represented. Your vote will mean that you are represented at the Annual Meeting regardless of whether or not you attend in person. Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares in person.

We look forward to seeing you at the meeting.

Sincerely,
Dave Boennighausen
Chief Executive Officer

NOODLES & COMPANY
520 ZANG STREET, SUITE D
BROOMFIELD, COLORADO 80021

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2019 Annual Meeting of Stockholders of Noodles & Company (the "Company") will be held at the offices of the Company at 520 Zang Street, Suite D, Broomfield, Colorado, on May 15, 2019, at 1:00 p.m. local time, for the following purposes:

1. To elect the two directors named in the Proxy Statement as Class III directors of the Company, each to serve for three years and until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal.
2. To approve, on an advisory (non-binding) basis, the compensation of our named executive officers.
3. To approve, on an advisory (non-binding) basis, the frequency of future advisory votes to approve the compensation of our named executive officers;
4. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019.
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on March 18, 2019 are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof. We expect to mail a notice of Internet availability of proxy materials (the "Notice") to our stockholders on or about April 3, 2019. The Notice contains instructions on how to access our proxy materials over the Internet and how to vote by going to a secure website. If you did not receive such a Notice, you may elect to receive future notices, proxy materials and annual reports electronically through the Internet by following the instructions in this Proxy Statement.

By Order of the Board of Directors

Melissa Heidman,
Executive Vice President, General Counsel & Secretary
Broomfield, Colorado
April 3, 2019

Whether or not you expect to attend the meeting, please vote via the Internet, by telephone, or, if you received a paper copy of the proxy materials, by completing, dating, signing and promptly returning the accompanying proxy card in the enclosed postage-paid envelope so that your shares may be represented at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE STOCKHOLDER MEETING TO BE HELD ON MAY 15, 2019:
THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT
www.proxypush.com/NDLS

Noodles & Company
Proxy Statement
For the Annual Meeting of Stockholders
To Be Held on May 15, 2019

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520 ZANG STREET, SUITE D, BROOMFIELD, COLORADO 80021
PROXY STATEMENT
April 3, 2019

THE MEETING

The accompanying proxy is solicited on behalf of the Board of Directors (the “Board of Directors” or the “Board”) of Noodles & Company, a Delaware corporation (the “Company”), for use at the 2019 Annual Meeting of Stockholders (the “Annual Meeting”) to be held at the offices of the Company at 520 Zang Street, Suite D, Broomfield, Colorado, on May 15, 2019, at 1:00 p.m. local time. The Notice, the Proxy Statement, the form of proxy and the Annual Report were first made available to stockholders on or about April 3, 2019. Electronic copies of this Proxy Statement, form of proxy and Annual Report are available at investor.noodles.com and www.proxypush.com/NDLS.

Voting Rights, Quorum and Required Vote

Only holders of record of our Class A and Class B common stock (“common stock”) at the close of business on March 18, 2019, which is the record date, will be entitled to vote at the Annual Meeting. At the close of business on March 18, 2019, we had 43,933,039 shares of Class A common stock outstanding and entitled to vote. There are currently no shares of Class B commons stock outstanding. A quorum is required for our stockholders to conduct business at the Annual Meeting. The holders of a majority in voting power of all issued and outstanding stock entitled to vote at the Annual Meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business. Abstentions and “broker non-votes” (described below) will be counted in determining whether there is a quorum.

Proposal No. 1—Election of Directors—directors will be elected by a plurality of the votes of the shares of common stock cast at the Annual Meeting, which means that the two nominees receiving the highest number of “for” votes will be elected. Withheld votes and broker non-votes (as defined below) will have no effect on this Proposal No. 1.

Proposal No. 2—Approval, on an Advisory (Non-Binding) Basis, of our Named Executive Officers’ Compensation—requires the affirmative vote of the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting, present in person or represented by proxy. Abstentions will count the same as votes against Proposal No. 2. Broker non-votes will have no effect on this Proposal No. 2.

Proposal No. 3—Approval, on an Advisory (Non-Binding) Basis, of Frequency of Future Advisory Votes to Approve the Compensation of our Named Executive Officers—requires the affirmative vote of the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting, present in person or represented by proxy. Abstentions will count the same as votes against this Proposal No. 3. Broker non-votes will have no effect on this Proposal No. 3.

Proposal No. 4—Ratification of Appointment of Independent Registered Public Accounting Firm for the Year Ending December 31, 2019—requires the affirmative vote of the holders of a majority in voting power of the stock entitled to vote at the Annual Meeting, present in person or represented by proxy. Abstentions will count the same as votes against this Proposal No. 4. Since this is a “routine” proposal, there should be no broker non-votes with respect to this Proposal No. 4.

Internet Availability of Proxy Materials

This year, we have adopted a procedure approved by the Securities and Exchange Commission (“SEC”) that permits companies to furnish their proxy materials over the Internet. As a result, we are mailing the Notice instead of a paper copy of the proxy materials. All stockholders receiving the Notice will have the ability to access the proxy materials over the Internet and may request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the Notice. In addition, the Notice contains information on how you may request access to proxy materials in printed form by mail or electronically on an ongoing basis.

Voting Your Shares

If you are a registered holder, meaning that you hold our stock directly (not through a bank, broker or other nominee), you may vote in person at the Annual Meeting, via telephone, or electronically through the Internet by following the instructions included in the Notice or the proxy card, as applicable, or, if you receive a paper copy of the proxy materials, by completing, dating and signing the accompanying proxy card and promptly returning it in the enclosed envelope. All signed, returned proxies that are not revoked will be voted in accordance with the instructions contained therein. Signed proxies that give no instructions as to how they should be voted on a particular proposal at the Annual Meeting will be counted in accordance with the Board's recommendations as follows: as votes "for" Proposal No. 2 and Proposal No. 4, for "1 year" with respect to Proposal No. 3 and, in the case of the election of the Class III directors, as a vote "for" election to Class III of the Board of each of the nominees presented by the Board in Proposal No. 1.

If your shares are held through a bank, broker or other nominee, you are considered the beneficial owner of those shares. You may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that nominee. You must obtain a legal proxy from the nominee that holds your shares if you wish to vote in person at the Annual Meeting. If you do not provide your broker with a properly executed voting instructions form in advance of the Annual Meeting, New York Stock Exchange rules grant your broker discretionary authority to vote only on "routine" proposals. The ratification of the appointment of the independent registered public accounting firm in Proposal No. 3 is the only item on the agenda for the Annual Meeting that is considered routine. Where a proposal is not "routine," a broker who has received no properly executed voting instructions form from its clients does not have discretion to vote its clients' uninstructed shares on that proposal, and the unvoted shares are referred to as "broker non-votes."

In the event that sufficient votes in favor of the proposals are not received by the date of the Annual Meeting, the Chairman of the Annual Meeting may adjourn the Annual Meeting to permit further solicitations of proxies.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders voting via the telephone or Internet should understand that there may be costs associated with telephonic or electronic access, such as usage charges from telephone companies and Internet access providers, that must be borne by the stockholder.

Expenses of Solicitation

The expenses of soliciting proxies to be voted at the Annual Meeting will be paid by the Company. Following the original mailing of the Notice, proxies and other soliciting materials, the Company and/or its agents may also solicit proxies in person, by telephone or email. Following the original mailing of the Notice, proxies and other soliciting materials, the Company will request that banks, brokers and other nominees forward copies of the Notice to persons for whom they hold shares of common stock and request authority for the exercise of proxies. We will reimburse banks, brokers and other nominees for reasonable charges and expenses incurred in forwarding soliciting materials to their clients.

Revocability of Proxies

Any person submitting a proxy in the form accompanying this Proxy Statement has the power to revoke it prior to the Annual Meeting or at the Annual Meeting prior to the vote. A proxy may be revoked by a writing delivered to the Company stating that the proxy is revoked by a subsequent vote or proxy that is submitted via telephone or Internet, by a subsequent proxy that is signed by the person who signed the earlier proxy and is delivered before or at the Annual Meeting, or by attendance at the Annual Meeting and voting in person. In order for beneficial owners to change any of your previously provided voting instructions, you must contact your bank, broker or other nominee directly.

Delivery of Documents to Stockholders Sharing an Address

We have adopted a procedure approved by the SEC called "householding" under which multiple stockholders who share the same address will receive only one copy of the Notice, the Annual Report, the Proxy Statement, and the proxy card, unless we receive contrary instructions from one or more of the stockholders. If you wish to opt out of householding and receive multiple copies of the Notice at the same address, or if you have previously opted out and wish to participate in householding, you may do so by notifying us by telephone at 720-214-4132, by mail at Noodles & Company at, 520 Zang Street, Suite D, Broomfield, CO 80021, or by email at investorrelations@noodles.com, and we will promptly deliver the requested materials. You also may request additional copies of the proxy materials by notifying us in writing or by telephone at the same address, email address, or telephone number. Brokerage firms and banks are also entitled to household. Stockholders with shares registered in the name of a brokerage firm or bank should contact their brokerage firm or bank to request information about householding or to opt in or out of householding.

On or about April 3, 2019, we expect to mail or email to some of our stockholders the Notice. If you receive the Notice and would prefer to receive paper copies of the proxy materials on a going forward basis, please follow the instructions in the Notice (or the voting instructions card provided by your brokerage firm or bank).

PROPOSAL NO. 1—ELECTION OF DIRECTORS

The Board of Directors is presently comprised of nine members, who are divided into three classes, Class I, Class II and Class III. One class of directors is elected by the stockholders at each annual meeting to serve a three-year term. Francois Dufresne, formerly a Class II director and a member of the Company's Compensation Committee and Nominating and Corporate Governance Committee, resigned from the Board of Directors on March 4, 2019. Mr. Dufresne is affiliated with the Public Sector Pension Investment Board ("PSP"), a Canadian Crown Corporation. Argentia Private Investments, Inc. ("Argentia")—one of our equity sponsors—is a wholly-owned subsidiary of PSP, and Mr. Dufresne was nominated for service to our Board pursuant to the director nomination rights Argentia had under the stockholders agreement with us. However, because Argentia's ownership percentage in us fell below 10.0%, Argentia lost its right to designate any nominees for election to our Board, and, consequently, Mr. Dufresne resigned from our Board.

In addition, Scott Dahnke, a Class III director who will complete his second full term as a director at the Annual Meeting, has announced that he will not stand for re-election at the Annual Meeting. Mr. Dahnke is affiliated with L Catterton—one of our other equity sponsors (together with Argentia, "Equity Sponsors"). Because L Catterton's percentage ownership fell below 20.0% but is above 10.0%, L Catterton is entitled to designate one nominee. Following Mr. Dahnke's departure from our Board, Mr. Taub will continue to serve as L Catterton's nominee.

Each of the nominees for election to Class III is currently a director of the Company. If elected at the Annual Meeting, each of the nominees would serve for three years expiring at the 2022 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Proxies cannot be voted for a greater number of persons than the number of nominees named. If any of the nominees is unable or unwilling to be a candidate for election by the time of the Annual Meeting (a contingency which the Board does not expect to occur), the stockholders may vote for a substitute nominee chosen by the present Board to fill the vacancy. In the alternative, the stockholders may vote for just the remaining nominees, leaving a vacancy that may be filled at a later date by the Board, or the Board may reduce the size of the Board.

The names of the nominees for election as Class III directors at the Annual Meeting and of the incumbent Class I and Class II directors, and certain information about them, including their ages, as of April 3, 2019, are included below.

	Class	Age	Position	Year Elected Director	Current Term Expires	Expiration of Term for which Nominated
Nominees						
Dave Boennighausen	III	41	Chief Executive Officer and Director	2015	2019	2022
Paul Murphy	III	64	Executive Chairman	2017	2019	2022
Continuing Directors						
Mary Egan (2)(3)	I	51	Director	2017	2020	
Robert Hartnett (3)(5)	I	67	Director	2016	2020	
Thomas Lynch	I	59	Director	2017	2020	
Jeffrey Jones (1)(2)(3)(4)(5)	II	57	Director	2013	2021	
Drew Madsen (2)(5)	II	62	Director	2017	2021	
Andrew Taub	II	50	Director	2010	2021	

(1) Member of the Compensation Committee. Mr. Jones will continue to serve on the Compensation Committee following this Annual Meeting. Currently Mr. Scott Dahnke, who is not standing for re-election at this Annual Meeting, also serves on the Compensation Committee.

(2) Effective as of the 2019 Annual Meeting, member of the Nominating and Corporate Governance Committee. Currently, the Nominating and Corporate Governance Committee consists of Mr. Scott Dahnke who is not standing for re-election at this Annual Meeting.

(3) Member of the Audit Committee. Each of these directors will continue to serve on the Audit Committee following this Annual Meeting.

(4) Lead Independent Director.
(5) Effective as of the 2019 Annual Meeting, member of the Compensation Committee.

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Nominees for Election as Class III Directors

Dave Boennighausen has served as our Chief Executive Officer ("CEO") since June 2017 and as interim CEO from July 2016 through June 2017. He has been a member of our Board of Directors since August 2015. Mr. Boennighausen served as our Chief Financial Officer ("CFO") from July 2012 through his appointment as permanent CEO in June 2017. He has held various roles at the Company, including Vice President of Finance and Executive Vice President of Finance, since joining the Company in 2004. He began his career with May Department Stores. He holds an MBA from the Stanford Graduate School of Business and received a BS degree in Finance and Marketing from Truman State University. Mr. Boennighausen brings to our Board of Directors leadership skills, financial experience and strategic guidance.

Paul Murphy became our Executive Chairman in July 2017. Mr. Murphy previously served as CEO of Del Taco Restaurants, Inc. (Nasdaq: TACO), a national operator and franchisor of fast casual restaurants from February 2009 to July 2017 (and as President from February 2009 to December 2016). From 1996 to 2008, Mr. Murphy held various roles with Einstein's, a national operator and franchisor of fast casual bagel restaurants. Mr. Murphy originally joined Einstein's as Senior Vice President, Operations in 1997. He was promoted to Executive Vice President, Operations in 1998, and to Chief Operating Officer in 2002. In 2003, he was appointed President and CEO. Mr. Murphy is currently a member of the board of directors of Checkers Drive-In Restaurants, Inc. Mr. Murphy holds a Bachelor's Degree in Religious Studies from Washington & Lee University. Mr. Murphy brings to our Board of Directors significant experience in both operational and executive leadership from his many years spent in the restaurant industry.

Continuing Directors

Mary Egan has been a member of our Board of Directors since September 2017. Since June 2013, Ms. Egan has served as CEO and founder of Gatheredtable, a consumer software as a service ("SAAS") company offering customized meal planning, until the technology platform was sold to a strategic buyer in 2018. From 2010 to 2012 Ms. Egan served as Head of Global Strategy and Corporate Development for Starbucks Corporation (Nasdaq: SBUX), a global coffee retailer. At Starbucks, Ms. Egan partnered with the senior leadership team to develop and execute corporate strategy, and led many successful strategic initiatives focusing on cost reduction, developing markets, digital and food. Ms. Egan was a Managing Director at The Boston Consulting Group ("BCG"), a global management consulting firm from 1997 to 2010 where she partnered with CEO's and boards of leading consumer brands to conceive and successfully drive aggressive growth strategies. While at BCG, she was a frequent global speaker on consumer-centric growth, and was featured in many news outlets, including The Wall Street Journal and The New York Times. Ms. Egan also serves on the Board of Directors of American Campus Communities (NYSE:ACC) where she serves on the strategic planning committee. Ms. Egan holds a BA from Barnard College, Columbia University, an MSEd from Bank Street Graduate School of Education and an MBA from Columbia Business School. Ms. Egan brings to our Board a broad range of experience in consumer-centric growth strategy and execution.

Robert Hartnett joined our Board of Directors and became Chairman in July 2016. He has over 40 years of restaurant industry experience. Most recently he served as CEO for Houlihan's Restaurants, Inc., a national operator and franchisor of fine dining and casual dining restaurants, a position that he held from 2001 until successfully negotiating the sale of that company in 2015. During his tenure at Houlihan's, Mr. Hartnett successfully re-invented and revitalized the Houlihan's brand. Prior to joining Houlihan's, Mr. Hartnett served as President, CEO and Chairman of Einstein Noah Restaurant Group Inc. ("Einstein's"), a national operator and franchisor of fast casual bagel restaurants. In addition, he has owned and operated Einstein Bros. and Boston Market franchise restaurants and has served as President of Bennigan's Restaurants, a multi-unit casual dining operator. Mr. Hartnett brings to our Board of Directors a wealth of experience in restaurant operations and restaurant brand development.

Jeffrey Jones has been a member of our Board of Directors since September 2013. From 2003 to 2012, Mr. Jones served as the CFO for Vail Resorts, Inc. (NYSE: MTN), a publicly held resort management company, and also served as a member of the board of directors of Vail Resorts, Inc. from 2008 through 2012. In addition, later in his tenure at Vail Resorts, Inc., Mr. Jones served as President - Lodging, Retail and Real Estate. Mr. Jones is currently a member of the board of directors of Hershey Entertainment and Resorts, where he chairs the audit and finance committee and is a member of the compensation committee, Summit Hotel Properties, Inc. (NYSE:INN), where he is the lead independent director and chair of the audit committee and a member of the compensation committee, and ClubCorp. He is also a member of the US Bank Advisory Board and is a member of the board at the Leeds School of Business, University of Colorado at Boulder. Prior to joining Vail Resorts, Mr. Jones held CFO positions with Clark Retail Enterprises and Lids Corporation. Mr. Jones received a BA in Accounting and American Studies from Mercyhurst College (k/k/a Mercyhurst University) and is a member of the AICPA. Mr. Jones brings to our Board of Directors significant public company experience in financial positions including significant audit committee roles, as well as overall financial, operations and strategic development experience.

Thomas Lynch joined our Board of Directors in April 2017. Since January 2005, Mr. Lynch has served as the Senior Managing Director of Mill Road Capital Management LLC ("Mill Road Capital"), a private equity firm he founded that is headquartered in Connecticut. Mill Road Capital has been an investor in the Company since 2017. Pursuant to arrangements with Mill Road Capital, as discussed further in the "Transactions with Related Persons" section of this Proxy Statement, Mr. Lynch was selected as a member of our Board of Directors. Mr. Lynch previously founded and served as a managing director of the private equity firm Lazard Capital Partners. He also was previously employed as a Managing Director of private equity at The Blackstone Group (NYSE: BX), a multinational asset management company, and as a senior consultant at the Monitor Company, a strategic consulting firm. Mr. Lynch's extensive experience as a director includes currently serving as chairman of the board of directors of Rubio's Restaurants, Inc., a privately held restaurant company controlled by Mill Road Capital and chairman of the board of directors of Skullcandy, Inc., a privately held consumer products company controlled by Mill Road Capital. He previously served as a director of Panera Bread Company, a national operator and franchisor of fast casual bakery cafés, until its acquisition by a privately held investment group. He also previously served as a director of Physicians Formula Holdings, Inc., a public cosmetics company and has also served on numerous other private and not-for-profit boards of directors. Mr. Lynch earned his Bachelor's degree with honors in Political Economy and Philosophy from Williams College, a Master of Philosophy degree from Oxford University and a Master of Business Administration degree from Stanford University. Mr. Lynch brings to our Board of Directors significant experience in the fast-casual segment of the restaurant industry, including public company experience.

Drew Madsen has been a member of our Board of Directors since September 2017. From May 2015 to December 2016 Mr. Madsen served as President of Panera Bread Company, a national operator and franchisor of fast casual bakery cafés, where he helped guide the brand to industry leadership positions in clean food, digital ordering/payment and delivery. From October 2014 to March 2015 Mr. Madsen was President and Chief Operating Officer of the Norwegian Cruise Line division of Norwegian Cruise Line Holdings Ltd. From 2005 to 2013 he was President and Chief Operating Officer, and a member of the board of directors, of Darden Restaurants, Inc. Mr. Madsen began his career at General Mills with various positions in brand management including serving as Vice President of Marketing. He holds an MBA with Distinction from the University of Michigan and earned a bachelor's degree, magna cum laude, from DePauw University, where he was a member of the Phi Beta Kappa Society. Mr. Madsen brings to our Board significant experience in restaurant operations and brand management.

Andrew Taub joined our Board of Directors in December 2010. Mr. Taub is a Managing Partner at L Catterton. He joined L Catterton in 1996 and served as a Vice President and Principal prior to becoming a Partner in the firm. L Catterton has been an investor in the Company since 2010. Mr. Taub was selected as a member of our Board of Directors pursuant to a stockholder agreement between the Company, L Catterton and Argentia which is discussed further in the "Transactions with Related Persons" section of this Proxy Statement. Mr. Taub has helped capitalize and grow over a dozen consumer companies, including restaurants, retail, food and beverage and marketing services. Prior to joining L Catterton, he spent three years as Vice President of Nantucket Holding Company, a merchant bank specializing in the acquisition and management of troubled companies, as well as the consolidation of fragmented industries. Previously he worked in Mergers and Acquisitions at Dean Witter Reynolds and Coopers & Lybrand. Mr. Taub received a BA from the University of Michigan and an MBA from Columbia Business School. Mr. Taub brings to our Board of Directors expertise in the retail and consumer industry.

The Board of Directors recommends a vote FOR the election of each of the Class III director nominees listed above.

Directors and Corporate Governance

Board Composition

Our Board of Directors currently consists of nine members.

In accordance with the amended and restated certificate of incorporation and the amended and restated bylaws, our Board of Directors is divided into three classes with staggered three-year terms. The authorized number of directors may be changed pursuant to the Company's bylaws by resolution of the Board of Directors. Our directors are divided among the three classes as follows:

- Current Class I directors are Mary Egan, Robert Hartnett and Thomas Lynch, whose terms will expire at the 2020 Annual Meeting of Stockholders.
- Current Class II directors are Jeffrey Jones, Drew Madsen and Andrew Taub, whose term will expire at the 2021 Annual Meeting.
- Current Class III directors are Dave Boennighausen, Scott Dahnke, and Paul Murphy, whose term will expire at this Annual Meeting of Stockholders. Mr. Dahnke is not standing for re-election at the Annual Meeting.

Directors for a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal.

Board Independence

Under the listing requirements and Nasdaq rules, independent directors must comprise a majority of a listed company's Board of Directors. Our Principles of Corporate Governance (the "Principles") provide that an "independent" director is a director who meets the Nasdaq definition of independence and the Principles also provide that, under applicable Nasdaq rules, the members of each of the Audit and Compensation Committees are subject to additional, heightened independence criteria applicable to directors serving on these committees. Our Board of Directors has undertaken a review of its composition, the composition of its committees and the independence of each director (both generally, and, where applicable, under heightened independence criteria applicable to certain committees). Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our Board of Directors has determined, based on the recommendation of our Nominating and Corporate Governance Committee, that each of Messrs. Dahnke, Hartnett, Jones, Lynch, Madsen and Taub, and Ms. Egan was "independent" under Nasdaq rules. In addition, the Board determined that Mr. Dufresne was independent during the period he served on the Board. In making the independence determinations, our Board of Directors assessed the current and prior relationships of each non-employee director and all other relevant facts and circumstances, including the beneficial ownership of our capital stock by each non-employee director and Messrs. Dahnke's, Dufresne's and Taub's affiliations with our Equity Sponsors. Based on these assessments, for each director deemed to be independent, our Board of Directors made a determination that, because of the nature of the director's relationships and/or the amounts involved, each director deemed to be independent had no relationships with our company or our management that, in the judgment of the Board, would impair the director's independence.

Leadership Structure

The Board does not have a policy regarding the separation of the roles of Chairman and CEO and believes that it is in the best interest of the Company and its stockholders for the Board periodically to evaluate and make a determination regarding whether or not to separate the roles of Chairman and CEO based upon the circumstances.

The Board has determined that separating the roles of Chairman and CEO is the most effective leadership structure for the Company at this time. The Board believes that the separation of Chairman and CEO duties allows Mr. Murphy, who serves as our Executive Chairman, to better focus on active leadership of the Board and oversight of management, while allowing Mr. Boennighausen to better focus on day-to-day operations of the Company and corporate strategy. In addition, the Board believes that its leadership structure as described above provides an effective framework for addressing the risks facing our company, as discussed in greater detail below under "The Board's Role in Risk Oversight."

Among others, the Chairman's duties and responsibilities include:

- presiding at meetings of the Board and stockholders;

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- facilitating communication between the Board and the Company's management;
- assisting the CEO in formulating long-term strategy;
- oversight of management;
- coordinating agendas and schedules for Board meetings, information flow to the Board and other matters pertinent to the Company and the Board; and
- being available for consultation and communication with major stockholders as appropriate.

Lead Independent Director

Jeffrey Jones serves as our Lead Independent Director. As Lead Independent Director, Mr. Jones' duties and responsibilities include:

- presiding at meetings of the Board at which the Chairman is not present;
- serving as a liaison between the Chairman and the independent directors;
- approving information sent to the Board;
- presiding at executive sessions of the independent directors;
- approving the agenda and schedule for Board meetings to provide that there is sufficient time for discussion of all agenda items; and
- consulting and communicating with major stockholders upon request.

In addition, the Lead Independent Director has the authority to call executive sessions of the independent directors, and performs such additional duties as our Board of Directors may otherwise determine and delegate.

Executive Sessions of Independent Directors

In order to promote open discussion among independent directors, our Board of Directors has a policy of conducting executive sessions of independent directors during each regularly scheduled Board meeting and at such other times as may be requested by an independent director. These executive sessions are chaired by our Lead Independent Director. Our Lead Independent Director provides feedback to our Executive Chairman and our CEO, as needed, promptly after each executive session.

Principles of Corporate Governance

Our Principles of Corporate Governance are available on our website at investor.noodles.com/corporate-governance.cfm.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our officers and employees, including our CEO and CFO and those officers and employees responsible for financial reporting. We have also adopted a director code of business conduct and ethics that applies to our directors. Our codes of business conduct and ethics are posted on the investor relations section of our website at investor.noodles.com. We intend to disclose future amendments to our codes of business conduct and ethics, and any waivers of their provisions that we grant to our executive officers and directors, on our website within four business days following the date of the amendment or waiver.

Board Meetings

During 2018, the Board of Directors held five meetings. Each director then serving attended at least 75% of the aggregate of the total number of meetings of the Board of Directors held during the period such director served and the total number of meetings held by any of the committees of the Board of Directors on which such director served during such period.

The Board's Role in Risk Oversight

The Board of Directors oversees the Company's risk management process. The Board oversees a Company-wide approach to risk management, designed to enhance stockholder value, support the achievement of strategic objectives and improve long-term organizational performance. The Board determines the appropriate level of risk for the Company generally, assesses the specific risks faced by the Company and reviews the steps taken by management to manage those risks. The Board's involvement in setting the Company's business strategy facilitates these assessments and reviews, culminating in the development of a strategy that reflects both the Board's and management's consensus as to appropriate levels of risk and the appropriate measures to manage those risks. Pursuant to this structure, risk is assessed throughout the enterprise, focusing on risks arising out of various aspects of the Company's strategy and the implementation of that strategy, including financial, legal/compliance, operational/strategic, health and safety, and compensation risks. The Board also considers risk when evaluating proposed transactions and other matters presented to the Board, including acquisitions and financial matters.

While the Board maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, the Audit Committee reviews and discusses the Company's practices with respect to risk assessment and risk management. The Audit Committee also focuses on financial risk, including internal controls, and discusses the Company's risk profile with the Company's independent registered public accounting firm. In addition, the Audit Committee oversees the Company's compliance program with respect to legal and regulatory requirements, including the Company's codes of conduct and policies and procedures for monitoring compliance. The Audit Committee also receives regular reports on the Company's cybersecurity compliance and risk management practices, including its compliance with the Payment Card Industry (PCI) Data Security Standard (DSS), its implementation of data security solutions and risk evaluation, and its insurance coverages. The Compensation Committee periodically reviews compensation practices and policies to determine whether they encourage excessive risk taking, including an annual review of management's assessment of the risk associated with the Company's compensation programs covering its employees, including executives, and discusses the concept of risk as it relates to the Company's compensation programs. Management regularly reports on applicable risks to the relevant committee or the Board, as appropriate, including reports on significant Company projects, with additional review or reporting on risks being conducted as needed or as requested by the Board and its committees.

Board Committees

Audit Committee

Our Audit Committee, which met seven times in 2018, is currently composed of Mary Egan, Robert Hartnett and Jeffrey Jones. Mr. Jones is the Chairman of the Audit Committee and our Audit Committee financial expert, as currently defined under SEC rules. Each member of the Audit Committee meets the requirements for financial literacy under the applicable Nasdaq rules. All of our Audit Committee members meet the additional, heightened independence criteria applicable to directors serving on the Audit Committee under Nasdaq rules and SEC rules.

The Audit Committee operates under a written charter, available on our website at investor.noodles.com/corporate-governance.cfm, that satisfies the applicable standards of the SEC and the listing requirements of Nasdaq, and oversees our corporate accounting and financial reporting process. The Audit Committee's responsibilities include, but are not limited to:

- appointing, compensating, retaining and overseeing our independent registered public accounting firm;
- approving in advance all audit and permissible non-audit services to be provided by the outside auditor, and establishing policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by the outside auditor;
- at least annually, reviewing the independence of the outside auditor;
- at least annually, obtaining and reviewing a report by the outside auditor describing, among other things, its internal quality-control procedures;
- meeting to review and discuss with management and the outside auditor the annual audited and quarterly financial statements of the Company and the independent auditor's reports related to the financial statements;
- receiving reports from the outside auditor and management regarding, and reviewing and discussing the adequacy and effectiveness of, the Company's internal controls, including any significant deficiencies in internal controls and significant changes in internal controls reported to the Audit Committee by the outside auditor or management;
- receiving reports from management regarding, and reviewing and discussing the adequacy and effectiveness of, the Company's disclosure controls and procedures;
- reviewing and discussing earnings press releases, and corporate practices with respect to earnings

press releases and financial information and earnings guidance provided to analysts;

- overseeing the Company’s compliance program with respect to legal and regulatory requirements, including the Company’s Codes of Business Conduct and Ethics and the Company’s policies and procedures for monitoring compliance;
- reviewing and discussing the Company’s practices with respect to risk assessment and risk management;
- establishing and overseeing procedures for handling reports of potential misconduct; and
- establishing and periodically reviewing policies and procedures for the review, approval and ratification of related party transactions.

Compensation Committee

Our Compensation Committee, which met four times in 2018, is currently composed of Scott Dahnke and Jeffrey Jones, each of whom is a non-employee, independent member of our Board of Directors. Mr. Dahnke is the Chairman of the Compensation Committee. Francois Dufresne served as a member of the Compensation Committee in 2018 and up through his resignation from the Board of Directors on March 4, 2019. Effective as of the 2019 Annual Meeting, the Compensation Committee will consist of Mr. Jeffrey Jones and Messrs. Robert Hartnett and Drew Madsen each of whom is also a non-employee, independent member of our Board of Directors. Mr. Hartnett will serve as Chairman of the Committee. The Compensation Committee operates under a written charter, available on our website at investor.noodles.com/corporate-governance.cfm, that satisfies the applicable standards of the SEC and Nasdaq. The Compensation Committee’s responsibilities include, but are not limited to:

- overseeing the Company’s overall compensation philosophy, policies and programs, and assessing whether the Company’s compensation philosophy establishes appropriate incentives for management and employees;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, evaluating the CEO’s performance in light of those goals and objectives, set the CEO’s compensation level based on this evaluation, and approve the grant of equity awards to the CEO;
- setting the compensation of other executive officers based upon the recommendation of the CEO and approve the grant of equity awards to such executive officers;
- administering and making recommendations to the Board with respect to the Company’s incentive compensation and equity-based compensation plans that are subject to Board approval;
- approving the terms and grant of equity awards for executive officers;
- reviewing and approving the design of other benefit plans pertaining to executive officers;
- approving, and amending or modifying, terms of other compensation and benefit plans as appropriate;
- hiring and reviewing the recommendations and analysis of the third-party compensation consultant employed by the Compensation Committee;
- reviewing and recommending to the Board employment and severance arrangements for executive officers, including employment agreements and change-in-control provisions, plans or agreements;
- annually reviewing the compensation of directors for service on the Board and its committees and recommending changes in compensation to the Board as appropriate;
- overseeing the assessment of risks related to the Company’s compensation policies and programs; and
- annually reviewing an assessment of any potential conflicts of interest raised by the work of any compensation consultants.

Pursuant to the terms of its charter, the Compensation Committee may delegate its duties and responsibilities to one or more subcommittees, consisting of not less than two members of the Committee.

Our Executive Chairman, Paul Murphy, makes recommendations to the Compensation Committee regarding the compensation of the other executive officers of the Company.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is, or has at any time been, an officer or employee of the Company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any other entity that has one or more executive officers serving on our Board of Directors or Compensation Committee. No directors served on the Compensation Committee in 2018 other than Messrs. Dahnke, Dufresne, and Jones. Mr. Dufresne resigned from the Board in March 2019.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee, which met twice in 2018, is currently composed of Mr. Scott Dahnke who is a non-employee, independent member of our Board of Directors. Mr. Dahnke is the Chairman of the Nominating and Corporate Governance Committee. Francois Dufresne served as a member of the Nominating and Corporate Governance Committee in 2018 and up through his resignation from the Board of Directors on March 4, 2019. Effective as of the 2019 Annual Meeting, Mr. Dahnke will no longer serve on our Board of Directors, and Ms. Mary Egan and Messrs. Jeffrey Jones and Drew Madsen will become members of the Nominating and Corporate Governance Committee. Ms. Egan will serve as Chairman of the Committee. The Nominating and Corporate Governance Committee operates under a written charter, available on our website at investor.noodles.com/corporate-governance.cfm, that satisfies the applicable standards of the SEC and Nasdaq. The Nominating and Corporate Governance Committee's responsibilities include, but are not limited to:

- developing and recommending to the Board criteria for Board membership;
- assessing the contributions and independence of incumbent directors in determining whether to recommend them for re-election;
- identifying, reviewing the qualifications of and recommending candidates for election to the Board;
- establishing procedures for the consideration of Board candidates recommended for the Committee's consideration by the Company's stockholders;
- recommending to the Board the Company's candidates for election or re-election to the Board at each annual stockholders' meeting;
- recommending to the Board candidates to be elected by the Board as necessary to fill vacancies and newly created directorships;
- developing and recommending to the Board a set of corporate governance principles, and annually reviewing those principles and recommending changes to the Board as appropriate;
- making recommendations to the Board concerning the size, structure, composition and functioning of the Board and its committees; and
- recommending committee members and chairpersons to the Board for appointment.

Policy Regarding Stockholder Recommendations

The Company identifies new director candidates through a variety of sources. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders in the same manner it considers other candidates, as described below. Stockholders seeking to recommend candidates for consideration by the Nominating and Corporate Governance Committee should submit a recommendation in writing describing the candidate's qualifications and other relevant biographical information and provide confirmation of the candidate's consent to serve as director. Please submit this information to the Corporate Secretary, Noodles & Company, 520 Zang Street, Suite D, Broomfield, CO 80021, or by email at investorrelations@noodles.com.

Stockholders may also propose director nominees by adhering to the advance notice procedure described under "Stockholder Proposals" elsewhere in this Proxy Statement.

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Director Qualifications

The Nominating and Corporate Governance Committee and the Board believe that candidates for director should have certain minimum qualifications, including, without limitation:

- demonstrated business acumen and leadership, and high levels of accomplishment;
- ability to exercise sound business judgment and to provide insight and practical wisdom based on experience;
- commitment to understand the Company and its business, industry and strategic objectives;
- integrity and adherence to high personal ethics and values, consistent with our Code of Business Conduct and Ethics;
- ability to read and understand financial statements and other financial information pertaining to the Company;
- commitment to enhancing stockholder value;
- willingness to act in the interest of all stockholders; and
- for non-employee directors, independence under Nasdaq listing standards and other applicable rules and regulations.

In the context of the Board's existing composition, other requirements, such as restaurant industry experience or experience in a particular business discipline, that are expected to contribute to the Board's overall effectiveness and meet the needs of the Board and its committees may be considered. The Company values diversity on a company-wide basis and seeks to achieve diversity of occupational and professional backgrounds on the Board, but has not adopted a specific policy regarding Board diversity. We assess qualifications of our directors as part of the Board's annual self-evaluation process.

The Nominating and Corporate Governance Committee consults with other members of the Board of Directors and with the Company's management in identifying and evaluating candidates for director.

PROPOSAL NO. 2—ADVISORY (NON-BINDING) VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are providing our stockholders with the opportunity to vote, on an advisory basis, to approve the compensation of the named executive officers ("NEOs") identified in this Proxy Statement.

Stockholders are urged to review the "Compensation Discussion and Analysis," "Compensation Committee Report" and "Executive Compensation" sections of this Proxy Statement for more information.

We are asking our stockholders to indicate their support for our NEOs' compensation by voting FOR the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's proxy statement for the 2019 Annual Meeting pursuant to the compensation disclosure rules of the United States Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure)."

This is a non-binding advisory vote and, therefore, its outcome does not mandate any particular action. However, our Board and our Compensation Committee will carefully consider the outcome of this vote when making future decisions regarding the compensation of our NEOs. In addition, assuming our stockholders vote for "1 year" in Proposal 3 below, we expect to hold our next advisory vote to approve the compensation of our named executive officers at the 2020 Annual Meeting of Stockholders.

The Board of Directors recommends a vote FOR the approval, on an advisory (non-binding) basis, of the compensation of our named executive officers.

PROPOSAL NO. 3—ADVISORY (NON-BINDING) VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Pursuant to section 14A of the Exchange Act, we are submitting the frequency of advisory votes to approve the compensation of our named executive officers to an advisory (non-binding) vote of our stockholders. In voting on the proposal, stockholders may indicate whether they would prefer that we conduct future advisory votes to approve executive compensation every “1 year,” “2 years,” or “3 years.” Stockholders also may, if they wish, abstain from voting on this proposal.

Our board of directors has determined that an advisory vote every “1 year” to approve our executive compensation is the most appropriate approach for the Company and its stockholders. In making this recommendation, our board of directors considered that an annual advisory vote to approve executive compensation allows our stockholders to provide us with timely and direct input on our compensation policies, programs and practices.

Our board of directors recommends that you vote for “1 year” with respect to the advisory vote on the frequency of approval of our executive compensation. This vote is advisory and not binding on the Company or our board of directors. However, our board of directors intends to evaluate the voting results on this proposal in determining how frequently the Company will submit advisory votes to approve our executive compensation to our stockholders.

The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every 1 year, 2 years or 3 years, or abstaining). Because it is possible that no option will receive the majority in voting power of the stock entitled to vote on this Proposal No. 3, we will consider the option that receives the highest support from our stockholders as the option recommended by our stockholders.

The Board of Directors recommends a vote FOR the frequency of “1 year”.

PROPOSAL NO. 4—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019

The Audit Committee of the Board of Directors has selected Ernst & Young LLP, or Ernst & Young, to be the Company's independent registered public accounting firm for the year ending December 31, 2019, and recommends that the stockholders vote for ratification of such appointment. Ernst & Young has been engaged as our independent registered public accounting firm since 2009. As a matter of good corporate governance, the Audit Committee has requested the Board of Directors to submit the selection of Ernst & Young as the Company's independent registered public accounting firm for 2019 to stockholders for ratification. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. We expect representatives of Ernst & Young to be present at the Annual Meeting. They will have the opportunity to make a statement at the Annual Meeting if they desire to do so, and will be available to respond to appropriate questions.

Audit and Related Fees

The following table sets forth the aggregate fees for professional services rendered by Ernst & Young for the audit of our financial statements for 2018 and 2017.

	2018	2017
Audit fees(1)	$887,586	$679,838
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total fees	$887,586	$679,838

(1) 2018 and 2017 audit fees relate to the audit of our financial statements, 2018 audit of internal control over financial reporting, interim reviews, consents and other services related to SEC matters, and related out of pocket expenses, notwithstanding when the fees and expenses were billed or when the services were rendered.

The Board of Directors adopted a written policy for the pre-approval of certain audit and non-audit services that Ernst & Young provides. The policy balances the need for independence of Ernst & Young while recognizing that in certain situations Ernst & Young may possess both the technical expertise and knowledge of the Company to best advise the Company on issues and matters in addition to accounting and auditing. In general, the Company's independent registered public accounting firm cannot be engaged to provide any audit or non-audit services unless the engagement is pre-approved by the Audit Committee. Certain services may also be pre-approved by the Chairman of the Audit Committee under the policy. All of the fees identified in the table above were pre-approved in accordance with SEC requirements and pursuant to the policies and procedures described above.

The Board of Directors recommends a vote FOR the ratification of the appointment of ERNST & YOUNG LLP for the year ending December 31, 2019.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information as of January 1, 2019, about shares of common stock that may be issued under our equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options and warrants (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders[(1)]	2,111,188	$ 11.69	4,095,325
Equity compensation plans not approved by security holders	—	—	—
Total	2,111,188	$ 11.69	4,095,325

(1) Includes in column (a) 1,174,256 shares of Class A common stock issuable upon exercise of options outstanding under the Company’s Stock Incentive Plan, 28,850 shares of Class B common stock issuable upon exercise of a warrant granted to a consultant, and 908,082 gross number of shares of Class A common stock underlying outstanding restricted stock units (“RSUs”). The shares underlying the outstanding RSUs are not included in the calculation of the Weighted-Average Exercise Price in column (b). Includes in column (c) 3,485,876 shares of Class A common stock available for issuance upon exercise of future grants under the Company’s Stock Incentive Plan and 609,449 shares of Class A common stock available for future issuance under the Company’s Employee Stock Purchase Plan. Material features of the Company’s Stock Incentive Plan and Employee Stock Purchase Plan are set forth in Note 9, Stock-Based Compensation and Note 11, Employee Benefit Plans, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2019.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of Class A and Class B of our common stock as of March 18, 2019 (except where otherwise noted below) for:

- each stockholder known by us to be the beneficial owner of more than 5.0% of any class of our outstanding shares of common stock;
- each of our directors and director nominees;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership in the following table is based on 43,933,039 shares of common stock outstanding as of March 18, 2019 (all of which were Class A common stock), unless otherwise indicated in the footnotes below. In computing the number of shares of common stock beneficially owned by a person or entity and the percentage ownership of that person or entity, we deemed to be outstanding all shares of common stock subject to options or other convertible securities held by that person or entity that are currently exercisable or exercisable within 60 days of March 18, 2019. Under the SEC rules, we did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Noodles & Company, 520 Zang Street, Suite D, Broomfield, CO 80021.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned Shares	Percent
Stockholders owning more than 5%		
Entities affiliated with L Catterton[(1)]	8,173,858	18.6 %
Entities affiliated with Mill Road Capital[(2)]	4,819,829	11.0 %
Argentia Private Investments Inc.[(3)]	4,363,661	9.9 %
Timothy M. Riley [(4)]	3,144,000	7.2 %
Named Executive Officers and Directors		
Paul Murphy [(5)]	51,632	*
Dave Boennighausen [(6)]	198,726	*
Ken Kuick	—	*
Susan Daggett	—	*
Chas Hermann [(7)]	12,464	*
Melissa Heidman [(8)]	20,739	*
Scott Dahnke [(1)]	8,173,858	18.6 %
Andrew Taub	—	*
Thomas Lynch [(2)]	4,819,829	11.0 %
Robert Hartnett	96,606	*
Jeffrey Jones [(9)]	33,695	*
Drew Madsen	8,960	*
Mary Egan	8,960	*
All Executive Officers and Directors as a Group (15) [(10)]	13,505,682	30.7 %

* Indicates ownership of less than one percent.

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(1) Based on (1) the information as of November 28, 2018 included in the most recently available Schedule 13D/A filed with the SEC on November 29, 2018, which reflects the securities beneficially owned, or that may be deemed to be beneficially owned (including common stock exercisable pursuant to warrants) by Catterton-Noodles, LLC, certain of its subsidiaries and affiliates (including L Catterton), and other companies (collectively, the "Catterton Reporters") and (2) subsequent information known to the Company. In its Schedule 13D/A Catterton Reporters disclosed having shared voting power and shared dispositive power over 8,173,858 shares. Scott Dahnke is a Global Co-CEO of L Catterton, and in such capacity, has voting and investment control over the securities. Mr. Dahnke disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein. The principal business address of L Catterton is 599 West Putnam Avenue, Greenwich, CT 06830.

(2) Based on (1) the information as of November 28, 2018 included in the most recently available Schedule 13D/A filed with the SEC on November 30, 2018, which reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by Mill Road Capital II, Mill Road Capital II GP LLC, the general partner of Mill Road ("Mill Road GP"), and Thomas E. Lynch and Scott P. Scharfman, each of whom is a management committee director of Mill Road GP and (2) subsequent information known to the Company. Each of Mill Road and Mill Road GP disclosed having sole voting power and sole dispositive power over 15,792 shares of our Class A common stock, and each of Messrs. Lynch and Scharfman disclosed having shared voting power and shared dispositive power over 4,804,037 shares of our Class A common stock. Each of Messrs. Lynch and Scharfman disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein. The principal business address of

each such person is 382 Greenwich Avenue, Suite One, Greenwich, CT 06830.

(3) Based on (1) the information as of November 28, 2018, included in the most recently available Schedule 13D/A filed with the SEC on November 30, 2018, which reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by Argentia Private Investments Inc. ("Argentia"), which is affiliated with the Public Sector Pension Investment Board ("PSP Investments"), a Canadian Crown Corporation (collectively, the "Argentia Reporters") and (2) subsequent information known to the Company. Argentia Reporters disclosed having sole voting and dispositive power over 4,363,661 shares of our Class A common stock held by Argentia. Neil Cunningham is President and CEO of PSP Investments. He is also President of Argentia. Darren Baccus is Director of Argentia and Senior Vice President and Global Head, Real Estate and Natural Resources. Marie-Claude Cardin is director of Argentia and Vice

President, Finance and Administration of PSP Investments. In such capacities, Mr. Cunningham, Mr. Baccus and Ms. Cardin have investment control over such securities. Guthrie Stewart, Senior Vice President and Global Head, Private Investments, and Stephanie Lachance, Vice President, Responsible Investment of PSP Investments, have voting control over such securities on behalf of Argentia. Mr. Cunningham, Mr. Bacchus, Ms. Cardin, Mr. Stewart and Ms. Lachance disclaim beneficial ownership of such securities. The principal business address of Argentia is 1250 Réne Lévesque Boulevard West, Suite 1400, Montreal, Quebec, Canada H3B 5E9.

(4) Based on the information as of December 31, 2018 included in the most recently available Schedule 13G/A filed with the SEC on January 8, 2019, which reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by Timothy M. Riley. Timothy M. Riley disclosed having sole voting and dispositive power over 3,100,000 shares and shared (with Angela A. Riley) voting and dispositive power over 20,000 shares. Ms. Angela A. Riley also disclosed having sole voting and dispositive power over 24,000 shares. The principal address of Timothy M. Riley and Angela A. Riley is P.O. Box 2113, Darien, CT 06820.

(5) Includes options to purchase 25,000 shares of our Class A common stock which will be exercisable within 60 days of March 18, 2019.

(6) Includes options to purchase 180,566 shares of our Class A common stock which will be exercisable within 60 days and 4,552 shares subject to RSUs which will vest and settle within 60 days of March 18, 2019.

(7) Includes options to purchase 6,250 shares of our Class A common stock which are exercisable or will be exercisable within 60 days of March 18, 2019.

(8) Includes options to purchase 20,384 shares of our Class A common stock which are exercisable or will be will be exercisable within 60 days of March 18, 2019.

(9) Includes options to purchase 14,117 shares of our Class A common stock are which are exercisable or will be exercisable within 60 days of March 18, 2019.

(10) Includes warrants to purchase 1,913,793 shares of our Class A common stock and options to purchase 311,785 shares of our Class A common stock which are exercisable or will be exercisable within 60 days of March 18, 2019, and 5,446 shares subject to RSUs which will vest and settle within 60 days of March 18, 2019.

EXECUTIVE OFFICERS

Set forth below are our executive officers, including related biographical information.

Name	Age(1)	Position
Paul Murphy	64	Executive Chairman
Dave Boennighausen	41	CEO
Ken Kuick	50	CFO
Chas Hermann	56	Chief Brand Officer
Melissa Heidman	51	Executive Vice President, General Counsel and Secretary
Brad West	61	Executive Vice President of Operations
Kathy Lockhart	54	Vice President and Controller

(1) As of March 18, 2019

Paul Murphy Information regarding Paul Murphy is described above under “Nominees for Election as Class III Directors.”

Dave Boennighausen Information regarding Dave Boennighausen is described above under “Nominees for Election as Class III Directors.”

Ken Kuick has served as our CFO since November 2018. Mr. Kuick has over 25 years of experience in finance and accounting leadership roles. Prior to joining us, he most recently served as Chief Accounting Officer of VICI Properties Inc., a real estate investment trust specializing in casino properties, from October 2017 to August 2018, where he was responsible for accounting, consolidated financial operations, capital market transactions, treasury, internal audit, tax and external reporting. Prior to that, Mr. Kuick served as Chief Accounting Officer of Caesars Entertainment Operating Company, a subsidiary of Caesars Entertainment Corporation, from November 2014 to October 2017, and from December 2011 to November 2014, he served as Vice President, Assistant Controller for Caesars Entertainment Corporation. Mr. Kuick is a Certified Public Accountant and earned his Bachelor of Science degree in Accounting and Business Systems from Taylor University.

Chas Hermann has served as our Chief Brand Officer since March 2018. Prior to joining us, Mr. Hermann provided consulting services through Chas Hermann Consulting, a consulting services company he founded in 2008, with a focus on marketing, brand strategy, product development and finance in high growth organizations. Through his consulting business he worked with Papa Murphy’s, Del Taco and Redbox among others. His prior experience included executive marketing and merchandising positions with The Coffee Bean and Tea Leaf, Commerce Bank, Starbucks Coffee Company and Universal Studios, Inc. He received a Bachelor of Science degree in Accounting from the University of Florida.

Melissa Heidman has served as Executive Vice President, General Counsel and Secretary since June 2018. Prior to that time she served as Associate General Counsel from August 2011 to September 2015, as Vice President and Associate General Counsel from September of 2015 until December 2017 and as Vice President, Acting General Counsel and Secretary from December of 2017 until June 2018. Prior to joining Noodles & Company, Ms. Heidman was Special Counsel in the law firm of Berg Hill Greenleaf & Ruscitti. She began her career serving as a Law Clerk for the District Court of Iowa, the Iowa Supreme Court and, later, as Law Clerk and Staff Attorney for the Superior Court of Guam. Ms. Heidman received a BA in Political Science from the University of Iowa and received a J.D. from Drake University Law School.

Brad West has served as our Executive Vice President of Operations since September 2017. Mr. West has an extensive background in operations in the restaurant industry over the past 40 years. Prior to joining us, he served as Vice President, Operations of Smoothie King Franchises, Inc. Prior to that role, he was Chief Operating Officer of ACG Pizza Partners LLC, and he had earlier spent 15 years at Einstein’s, most recently as Senior Vice President, Non-Traditional Business, where he was responsible for the operations, development and growth of over 250 Einstein Bros. Bagels license locations. Mr. West also held key operational roles at CEC Entertainment, Inc., Applebee’s International, Inc. franchise groups and S&A Restaurant Corporation.

Kathy Lockhart has served as our Vice President and Controller since August 2006. Prior to joining us, Ms. Lockhart served as the Vice President and Controller of several public and private restaurant and retail companies, including

Einstein's, Boston Market, VICORP (parent company of Village Inn and Bakers Square restaurants) and Ultimate Electronics. She received a BA degree in Business Administration and Political Science from Western Colorado State University, and she is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs and the factors considered in making those decisions. This Compensation Discussion and Analysis focuses on the compensation of NEOs for 2018, who were:

- Our Executive Chairman, Paul Murphy
- Our CEO, Dave Boennighausen
- Our CFO, Ken Kuick
- Our Interim CFO (through May 2018), Sue Daggett
- Our Chief Brand Officer, Chas Hermann
- Our Executive Vice President, General Counsel and Secretary, Melissa Heidman

Executive Summary

Performance Highlights

In 2018 we significantly increased comparable store sales, improved restaurant level margins and increased adjusted EBITDA*, all reflecting increased momentum as we executed against our strategic roadmap. The successful launch of our zucchini noodle offering in May, combined with continued momentum from our investments in our off-premise business and talented operations teams, have allowed us to capitalize on the fundamental strengths of the brand. We have been especially pleased with the performance of Zoodles, which is driving increased frequency from existing guests, and reintroducing the brand to lapsed and new users.

Our 2018 financial performance highlights included:

- System-wide comparable restaurant sales growth of 3.7%, consisting of a 3.4% increase for company-owned restaurants and a 5.5% increase for franchise restaurants, compared to system-wide comparable sales decline of 2.4% in fiscal 2017.
- Restaurant contribution margin** of 15.0%, compared to 14.2% in fiscal 2017.
- Adjusted EBITDA* of $33.4 million, compared to adjusted EBITDA** of $30.6 million in fiscal 2017.

*We define adjusted EBITDA as net income (loss) before interest expense, provision (benefit) for income taxes, depreciation and amortization, restaurant impairments, closure costs and asset disposals, certain litigation settlements, data breach assessments, non-recurring registration and related transaction costs, loss on extinguishment of debt, severance costs and stock-based compensation.

**Restaurant contribution represents restaurant revenue less restaurant operating costs, which are the cost of sales, labor, occupancy and other operating items. Restaurant contribution margin represents restaurant contribution as a percentage of restaurant revenue.

For additional information on these non-GAAP measures, including reconciliations to the most directly comparable GAAP financial measures, see pages 29 and 33 of our Annual Report on Form 10-K for the fiscal year ended January 1, 2019.

In addition, during 2018 we accomplished several strategic milestones, including:

- Introduction of a new better-for-you platform for growth of healthy low-carbohydrate, low-calorie noodle offerings including the launch of zucchini noodles, or Zoodles, which can be substituted into any of our dishes or enjoyed in a signature dish;
- Rollout of self-bussing stations to reduce labor hours and improve cleanliness;
- Rollout of dedicated pickup areas to improve customer convenience;
- Continued growth of NoodlesREWARDS program to over 2 million customers;

- Expansion of delivery program to improve customer convenience; and
- Successful completion of a new senior credit facility and raising of net proceeds of $23.0 million in additional equity capital.

Executive Compensation Highlights

Our executive compensation program is designed with a "pay-for-performance" philosophy and includes the following elements: base salary, annual cash bonus opportunity, and equity-based long-term incentives ("LTIs"). Each NEO's 2018 target total direct compensation ("TDC") included variable elements, a significant portion of which are equity-based LTI compensation, as illustrated in the following charts:

The Average Other NEO Target Pay Mix excludes our Executive Chairman, Paul Murphy, whose compensation is based on his employment agreement which was entered into upon his hire in 2017. The average pay mix also excludes compensation paid to Sue Daggett for serving as Interim CFO. The figures in charts above represent the following: annualized base salary at 2018 year-end; 2018 target bonus; and the target grant-date fair value of 2018 annual long-term incentive awards. The figures above exclude Mr. Hermann's one-time March 2018 new-hire equity award which was negotiated as part of his hire.

2018 NEO compensation included the following:

- Annual Bonus Achievements: Based on our Adjusted EBITDA performance (weighted 80%), and accomplishment of Individual Objectives (weighted 20%), as each is described below, the NEOs earned bonuses equal to between 90% and 113% of target for 2018 performance.
- Long-Term Equity Incentives: In 2018, the Compensation Committee granted LTIs to the NEOs through a combination of performance-based restricted stock units ("PSUs"), restricted stock units ("RSUs") and nonqualified stock options.

Compensation Governance Highlights

Our executive compensation practices are intended to be straightforward, transparent and reflective of modern notions of strong corporate governance. Our commitment to strong corporate governance can be understood by reviewing the following list of what we do and do not do:

What We Do:	What We Do Not Do:
ü A substantial portion of our executive pay is tied to performance and/or stock price.	× We do not provide golden parachute excise tax or other tax gross-ups.
ü A portion of our ongoing LTI compensation program is granted in PSUs, which vest based on the achievement of pre-established, multi-year performance goals.	× We do not provide “single-trigger” cash severance upon a change in control.
ü Our Compensation Committee retains a nationally recognized, independent compensation consultant who provides no other services to the Company.	× We do not provide “single-trigger” vesting acceleration in annual equity awards upon a change in control.
ü We require our NEOs and directors to acquire and maintain meaningful ownership of our stock to ensure their interests are closely aligned with the long-term financial interests of our stockholders.	× We do not provide significant perquisites or supplemental executive retirement plans.
	× We prohibit our NEOs and directors from hedging and pledging Company stock.
ü We have a compensation recovery (“clawback”) policy.	
ü We require our NEOs to enter into reasonable non-competition and non-solicitation covenants.	

Stockholder Advisory (Non-Binding) Vote on Executive Compensation

For the first time as a public company, we are seeking a stockholder advisory (non-binding) vote to approve our executive compensation program in 2019 and we are proposing to seek such an advisory vote on an annual basis thereafter.

Objectives of our Compensation Program

The primary objectives of our compensation programs are to:

Attract and retain highly skilled executives. Our compensation philosophy is to provide target TDC opportunities that provide competitive compensation opportunities based upon then-current market data for equivalent positions at similarly-situated companies. Actual compensation earned may be above or below the target level based on performance along the metrics of the incentive compensation programs.

Link compensation earned to achievement of the Company’s short-term and long-term financial and strategic goals. The majority of each NEO’s compensation opportunity is variable and tied to the achievement of pre-established performance objectives and/or the performance of our stock.

Align the interests of management with those of our stockholders. A substantial portion of NEO compensation is in the form of equity-based incentives, subject to multi-year vesting schedules. In addition, we have robust stock ownership guidelines that require our NEOs to acquire and maintain a meaningful ownership position in our stock.

Adhere to high standards of corporate governance. Our program has appropriate balances between fixed and variable, short-term and long-term, and cash and equity components to mitigate compensation-related risks. Our compensation-related policies such as stock ownership guidelines, clawback policy, anti-hedging policy and anti-pledging policy further support strong governance principles.

Compensation Decision-Making Process

Role of Compensation Committee and Management

The Compensation Committee, with input from certain members of Management, has responsibility for administering and approving annually all elements of compensation for the Company's NEOs. It also reviews and approves the Company's incentive compensation plans and equity-based plans.

Management provides input into the design of incentive compensation programs to ensure these programs support the Company's business objectives and strategic priorities. With respect to performance measures and goals, the annual business plan initially established by management, but approved by our Board, is an important input into the Compensation Committee's decision-making process. In addition, our Executive Chairman and CEO work with the Compensation Committee and its independent consultant to develop recommendations for pay levels for executives other than themselves, based on competitive market data, internal fairness between executives, past performance and future potential. As appropriate, certain members of the senior management team attend Compensation Committee meetings, but are not present for executive sessions. The Compensation Committee makes all final decisions with respect to compensation of our NEOs.

Role of Consultants

The Compensation Committee has engaged FW Cook as its independent executive compensation advisor. FW Cook reports directly to the Compensation Committee and does no work for management that is not under the Compensation Committee's purview. During 2018, FW Cook performed the following services:

- Reviewed the comparative peer group used in competitive pay comparisons and made recommendations.
- Conducted a competitive analysis of all elements of target TDC for our NEOs and made recommendations for changes, as appropriate.
- Conducted a competitive analysis of our aggregate LTI grant practices, including annual share usage, annual fair value transfer, and potential dilution.
- Reviewed the design and structure of our LTI programs and made recommendations for changes.
- Advised the Compensation committee in connection with its risk assessment of our compensation practices.

A representative of FW Cook attends meetings of the Compensation Committee, as requested, and communicates with the Compensation Committee Chair between meetings. In addition, FW Cook reviewed our non-employee director compensation program, including a competitive analysis of director pay levels and program structure. The Compensation Committee assessed the independence of FW Cook pursuant to SEC rules and Nasdaq listing standards and concluded that no conflicts of interest exist.

Peer Group Benchmarking

The Compensation Committee selected the following companies as our peer group for purposes of conducting a competitive compensation analysis that informed decisions on 2018 pay opportunities:

BJ's Restaurants, Inc.	Habit Restaurants, Inc.
Bojangles' Inc.	Luby's, Inc.
Bravo Brio Restaurant Group	Potbelly Corporation
Chuy's Holdings, Inc.	Red Robin Gourmet Burgers, Inc.
Del Taco Restaurants, Inc.	Ruby Tuesday, Inc.
El Pollo Loco Holdings, Inc.	Shake Shack Inc.
Fiesta Restaurant Group, Inc.	Zoe's Kitchen, Inc.

These companies, all of which are in the restaurant industry, were selected for the compensation peer group based on their reasonably similar size to us and because they were considered to be significant competitors with respect to the individuals with the talent and experience needed to serve in our executive officer positions.

As of May 31, 2018 (when the most recent competitive analysis was conducted), the 25th, 50th, and 75th percentiles for various size metrics of the peer group, and the size metrics and related percentile of Noodles & Company, were as follows:

	Number of Locations	Latest Four Quarters Net Revenue ($mil)	Most Recent Fiscal Year Total Employees	Market Cap. At 5/31/2018 ($mil)
75th Percentile	546	$635	10,193	$658
50th Percentile	315	$419	8,328	$481
25th Percentile	200	$378	6,053	$299
Noodles & Company	478	$450	9,600	$356
%-ile Rank	62nd %-ile	58th %-ile	63rd %-ile	30th %-ile

The peer group data was used by the Compensation Committee to inform decisions for all NEO compensation in 2017 and 2018, and in making decisions regarding the form and amount of LTI compensation granted in 2018.

Compensation Components

The principal elements of target TDC for our NEOs are base salary, annual cash bonus opportunities, and equity-based, LTI awards. Each of the components is discussed below.

Base Salary

Base salaries provide a minimum level of pay that reflects each NEO's position and scope of responsibility, individual performance, and future potential, as demonstrated over time. Base salaries are re-evaluated annually to determine whether adjustments are appropriate given changes in the market data or in executive responsibilities. Our Executive Chairman and CEO make recommendations to the Compensation Committee with respect to changes to the base salary of our NEOs, other than themselves. Our Compensation Committee determines and approves any changes to the base salaries of our Executive Chairman and CEO and our other NEOs.

In 2018 the base salary of Mr. Murphy remained at $550,000, the amount set forth in his employment agreement. Mr. Boennighausen's base salary of $525,000 also remained unchanged from the amount set forth in his employment agreement. Mr. Kuick's salary was set at $325,000 when he became the Company's CFO in November 2018. Mr. Hermann's salary was set at $375,000 when he became the Company's Chief Brand Officer in March 2018. Ms. Heidman's base salary was increased from $209,000 to $275,000 when she was promoted to Executive Vice President, General Counsel and Secretary in June 2018.

Performance-Based Annual Cash Bonus

Our annual cash bonus program is designed to reward annual accomplishments against pre-established and individual strategic financial goals.

For 2018, each NEO had a target bonus opportunity, as follows:

	Target Bonus as a % Of Base Salary
Paul Murphy	50%
Dave Boennighausen	75%
Ken Kuick	40%
Chas Hermann	40%
Melissa Heidman	40%

The following table summarizes information regarding the target bonus amount, along with the minimum and maximum bonus amounts.

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Minimum	Target	Maximum
Paul Murphy	$—	$275,000	$495,000
Dave Boennighausen	$—	$393,750	$708,750
Ken Kuick	$—	$130,000	$234,000
Susan Daggett	$—	$80,000	$144,000
Chas Hermann	$—	$150,000	$270,000
Melissa Heidman	$—	$110,000	$198,000

For NEOs, the actual bonus is based on achievement of Company financial performance measured by adjusted EBITDA (80% weight) and achievement of individual objectives approved in advance by the Compensation Committee (20% weight). Actual bonuses attributable to the financial performance component may range from 0 to a maximum of 180% of the target amount attributable to financial performance. Actual bonuses attributable to the achievement of individual objectives may range from 0 to 100% of the target amount as determined by the Compensation Committee in its discretion.

The Compensation Committee selected adjusted EBITDA as the financial performance measure because it represents one of the clearest measures of our operational performance and allows any overachievement to be self-funding. The threshold, target, and maximum adjusted EBITDA goals, along with our actual performance in 2018 are outlined in the following table:

Measure	Threshold ($ million)	Target ($ million)	Maximum ($ million)	Actual ($ million)	Weighted % of Target Bonus Earned
Adjusted EBITDA (weighted 80%)	$28.7	$31.3	$36.8	$33.4	113 %

The Compensation Committee selected individual objectives which help focus executives on concrete objectives to drive longer-term value creation. The individual objectives for Messrs. Boennighausen, Murphy, Kuick and Hermann focused on achieving comparable restaurant sales growth, the development of our brand and culinary platforms, including the launch of zucchini noodles, and the continued development of a high performing culture and the strengthening of senior management team capabilities. Ms. Heidman's individual objectives were focused on corporate governance and compliance, and analysis and mitigation of corporate risk. No specific relative weighting is assigned to these objectives.

In its subjective holistic evaluation of performance against the pre-set individual objectives, the Compensation Committee considered our positive sales results, the development of our better-for-you platform and launch of zucchini noodles, the strengthening of our brand positioning, the development of our senior management team, and the continued enhancement of our corporate governance standards and policies.

The Compensation Committee awarded the NEOs the percentage of their respective target amounts and actual bonus amounts set forth in the table below. These amounts are also disclosed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

	% of Target Bonus Awarded	Actual Bonus Awarded
Paul Murphy	108%	$298,100
Dave Boennighausen	108%	$426,825
Ken Kuick*	108%	$19,219
Chas Hermann*	108%	$139,438
Melissa Heidman	108%	$119,240

* Pro-rated for that portion of 2018 the executive was employed.

Ongoing Long-Term Equity Incentives

In 2018, with the assistance of FW Cook, the Compensation Committee formulated guidelines for the annual grant of Long-Term Incentives (LTI) designed to closely align the interests of our NEOs with the interests of our stockholders and to provide significant incentives for the achievement of long-term growth in the value of Noodles & Company equity.

The Committee's approach to providing long-term incentives and rewarding achievement of financial goals includes granting a mix of equity incentives. Accordingly, in June 2018, the Committee granted our CEO and our Chief Brand Officer a mix of equity incentives consisting of Performance Shares Units ("PSUs"), nonqualified stock options and restricted stock units ("RSUs"), each having a grant value equivalent to one-third of their target total LTI grant value. The grant value of PSUs and RSUs is determined based on the closing sales price per share of Noodles & Company common stock on the date of grant multiplied by number of shares covered by the grant (assuming the target level of performance in the case of PSUs), and the grant value of options is determined using the Black-Scholes valuation formula in the manner applied in valuing such grants for our financial statement purposes.

The Committee selected two metrics, each measured over a three-year performance period, for performance measurement under the PSUs granted in 2018: (a) system-wide comparable restaurant sales growth, consisting of year-over-year growth in sales for restaurants open at least 18 full periods, and (b) adjusted EBITDA (as defined above). The Committee believes comparable sales growth is a key measure in evaluating the long-term growth of the Noodles & Company brand while adjusted EBITDA best measured operational profitability. The two performance measures are weighted equally. The PSUs may be earned from 25% of target to 200% of target, based on performance versus the metrics.

The Committee elected to exclude Mr. Murphy from the June 2018 grant and to instead grant to him in August 2018 (a) a one-time retention grant of 175,000 RSUs, all of which will vest on June 20, 2021 subject to continued employment, and (b) 25,000 nonqualified options subject to four-year ratable vesting pursuant to his employment agreement. In deciding upon this LTI structure for Mr. Murphy, the Committee took into account the substantial performance-based equity grant he received upon commencement of his employment in 2017 as well as the Committee's desire to assure the retention of his services through June 2021. See "Executive Compensation – Potential Payments and Acceleration of Equity upon Termination or Termination in connection with a Change in Control – Employment and Severance Agreements."

The Committee elected to grant to Ms. Heidman in the June 2018 grant a mix of equity incentives with RSUs constituting 60% of grant value and nonqualified stock options constituting 40% of grant value. Such grant was negotiated with Ms. Heidman as part of her appointment to the permanent General Counsel role for the Company. Similarly, the Committee elected to grant to Mr. Kuick in November 2018 a mix of equity incentives with RSUs constituting 60% of grant value and nonqualified stock options constituting 40% of grant value. Such grant was negotiated with Mr. Kuick as part of his offer to become CFO of the Company.

The Company did not make a regular annual LTI grant in 2017 pending certain capital transactions designed to strengthen the Company's balance sheet and affecting the Company's overall capital structure. However, in January 2018 the Company made an LTI grant, consisting of a combination of RSUs and nonqualified options, which was intended to serve as the grant that would have otherwise been made in 2017. The first 25% tranche of such grants vested in June 2018 and the three remaining 25% tranches will vest annually thereafter, resulting in the same vesting as if the Company had made this grant as a regular annual grant in June 2017 subject to four-year level vesting.

Benefits and Perquisites

We provide our executive officers with access to the same benefits we provide all of our full-time employees. We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Eligible employees are able to defer eligible compensation subject to applicable annual Internal Revenue Code limits. No employer contributions were made to the 401(k) plan in 2018 or 2017. We also provide our executive officers with perquisites and other benefits we believe are reasonable and consistent with our compensation objectives. These benefits include a car allowance, relocation benefits in the case of executive officers relocating to the Denver, Colorado metropolitan area and certain life and disability insurance, and health and wellness, benefits. Executive officers and certain other highly compensated employees are also eligible to participate in a deferred compensation program, which permits them to defer payment of salary and bonus to future years, but which does not include a company contribution.

Employment Agreements

We have entered into employment agreements with our Executive Chairman and CEO. These employment agreements specify the NEO’s base salary and bonus opportunities and provide that the NEO is eligible to receive certain payments and benefits if his or her employment is involuntarily terminated. The severance arrangements protect the NEOs from financial loss associated with an involuntary termination without cause. These severance arrangements also serve as consideration for the post-termination non-competition and non-solicitation covenants we require from each of our NEOs. The rights are described in detail below under the heading “Payments and Potential Payments Upon Termination or Change in Control.”

Each employment agreement generally also includes customary restrictive covenants. In the cases of Messrs. Murphy and Boennighausen, each is subject to a one-year post-termination non-competition covenant and a one-year post-termination non-solicitation covenant.

In addition, each of Messrs. Murphy’s and Boennighausen’s employment agreement provides that he will be nominated to serve as a member of the Board while employed by the Company, subject to election by the Company’s shareholders.

Compensation Policies and Other Considerations

Stock Ownership Requirements

Our Board has adopted stock ownership requirements that restrict sales of our stock by our NEOs and our non-employee directors if those sales would cause the value of such individual’s stock holdings to fall below a certain threshold. Currently, the threshold for our non-employee directors is two times the annual cash retainer of $50,000, which would result in a threshold of $100,000. The ownership requirement for our NEOs, based on the 2018 base salary compensation for each of our NEOs, is two times the base salary for our Executive Chairman and CEO and one times the base salary for our CFO, Chief Brand Officer and General Counsel.

The ownership requirements do not restrict the disposition of holdings from equity grants made in 2018 or prior years, before the stock ownership requirements were adopted.

For purposes of these requirements, an officer’s holdings include vested shares held directly by the officer or his/her immediate family members, including vested RSUs and PSUs. Until the required ownership level is achieved, the NEOs and non-employee directors must retain 50% of all shares received on vesting or earn-out of RSUs and PSUs, net of shares withheld or sold to satisfy tax obligations, and 50% of shares received on exercise of stock options, net of shares tendered or withheld for payment of the exercise price and net of shares withheld or sold to satisfy tax obligations.

These requirements, together with our continued use of equity-based compensation, are intended to emphasize the alignment of interests between management and our stockholders in a demonstrable and firm manner, with the objective of encouraging high performance and discouraging inappropriate risk taking.

Anti-Hedging Policy

The Company’s Insider Trading Policy provides that our directors and NEOs may not engage in hedging or trading in other derivatives involving our securities.

Anti-Pledging Policy

The Company's Insider Trading Policy provides that our directors, NEOs or employees, as well as certain related parties, are prohibited from entering into pledging transactions or similar arrangements with respect to Company securities.

Clawback Policy

Pursuant to our clawback policy, if we are required to file an accounting restatement due to material noncompliance with any financial reporting requirement or incentive compensation was awarded based on performance achievement calculated in a materially inaccurate manner, the Company may recoup a proportional amount of the incentive compensation paid or credited to a person covered by the policy. Our Executive Chairman, CEO and other executive officers are covered by this policy.

Tax Considerations

Section 162(m) of the Internal Revenue Code ("Section 162(m)") generally disallows a publicly held corporation's tax deduction for compensation paid to its CEO and certain of its other executive officers in excess of $1 million in any year. Under the tax rules in effect before 2018, compensation that qualifies as "performance-based compensation" was exempt from the $1 million deductibility cap. The Compensation Committee has historically considered the deductibility of compensation when designing our programs and authorizing individual awards and sought to achieve full deductibility when feasible.

The Tax Cuts and Jobs Act, which was signed into law December 22, 2017, eliminated the performance-based compensation exception for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. While the Tax Cuts and Jobs Act will limit the deductibility of compensation paid to the NEOs, the Committee will continue to retain flexibility to design compensation programs that are in the best long-term interests of the Company and our stockholders, with deductibility of compensation being one of a variety of considerations taken into account. Accordingly, the Compensation Committee retains the ability to pay compensation that exceeds the deduction limitation under Section 162(m).

Compensation Risk Assessment

Our Compensation Committee considers risks related to our compensation programs (especially with respect to our executive compensation programs) when determining how to structure our employees' compensation. Based on our assessments of our compensation programs, we have concluded that risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on our Company. In reaching this conclusion, the Compensation Committee considered the following aspects of our compensation programs that discourage excessive risk-taking:

- Balance between fixed and variable, short-term and long-term, and cash and equity in the TDC mix.
- Incentive awards incorporate multiple measures of performance, which diversifies the risks associated with any single indicator of performance.
- Payouts under our incentive plans are subject to caps.
- All of our equity grants vest over a multi-year period, which encourages grantees to take a long-term view.
- We maintain policies specifically intended to mitigate risk, such as our stock ownership guidelines and clawback, anti-hedging and anti-pledging policies.
- Independent Compensation Committee oversight and discretion.

COMPENSATION COMMITTEE REPORT

Our Compensation Committee reviewed and discussed the foregoing "Compensation Discussion and Analysis" with management, and based on such review and discussions, the Compensation Committee recommended to the Board that the "Compensation Discussion and Analysis" be included in this Proxy Statement.

Scott Dahnke, Chairman
Jeffrey Jones

EXECUTIVE COMPENSATION

Our named executive officers, or NEOs, for 2018 are:

- Paul Murphy, our Executive Chairman;
- Dave Boennighausen, our CEO;
- Ken Kuick, our CFO;
- Sue Daggett, our interim CFO (through May 2018);
- Chas Hermann, our Chief Brand Officer; and
- Melissa Heidman, our Executive Vice President, General Counsel and Secretary.

2018 Summary Compensation Table

The following table summarizes the compensation for 2018 and 2017 awarded to, earned by or paid to our principal executive officer and three most highly-compensated executives other than the principal executive officer and principal financial officer, who were serving at the end of 2018.

Name and Principal Position (1)	Year	Salary (2)	Bonus (3)	Grant Date Fair Value of Stock Awards (4)	Option Awards (5)	Non-equity Incentive Plan Compensation (6)	All Other Compensation (7)	Total
Paul Murphy	2018	$550,000	$ —	$1,837,500	$148,928	$ 298,100	$ 7,358	$2,841,886
Executive Chairman	2017	247,500	—	670,600	172,350	133,333	54,170	1,277,953
Dave Boennighausen	2018	525,000	—	730,654	174,996	426,825	13,517	1,870,992
CEO	2017	426,346	141,000	97,600	177,130	70,875	18,944	931,895
Ken Kuick	2018	33,750	—	179,998	119,996	19,219	77,118	430,081
CFO	2017	—	—	—	—	—	—	—
Susan Daggett	2018	83,077	47,081	127,600	36,549	—	5,534	299,841
Interim CFO (through May 2018)	2017	196,154	45,832	—	—	16,000	16,607	274,593
Chas Hermann	2018	298,558	50,000	522,942	174,012	139,438	87,605	1,272,555
Chief Brand Officer	2017	—	—	—		—	—	—
Melissa Heidman	2018	243,954	12,813	222,230	79,998	119,240	11,825	690,060
Executive Vice President, General Counsel & Secretary	2017	200,413	—	—	—	15,600	3,950	219,963

(1) Ken Kuick was appointed as CFO in November 2018 and Chas Hermann was appointed as Chief Brand Officer in March 2018; therefore, neither Mr. Kuick or Mr. Hermann was an NEO in 2017.

(2) In connection with Mr. Kuick's appointment as CFO in November 2018, his base salary was set at $325,000 per year. In connection with Mr. Hermann's appointment as Chief Brand Officer in March 2018, his base salary was set at $375,000.

(3) In connection with Mr. Boennighausen's appointment as interim CEO in July 2016, the Company agreed to pay him a guaranteed bonus of $15,000 a month, payable monthly, for the duration of his tenure as interim CEO, and the Company agreed to continue such payments until his employment agreement became effective on September 13, 2017. In addition, in connection with Ms. Daggett's appointment as interim CFO in June 2017, the Company agreed to pay her a guaranteed bonus of $8,333 a month, payable monthly, for the duration of her tenure as interim CFO. The Company paid Mr. Hermann a one-time sign-on bonus of $50,000 when he was hired in March 2018.

(4) Amounts under "Grant Date Fair Value of Stock Awards" represent the aggregate grant date fair value of PSUs and RSUs granted in 2018 and 2017, calculated in accordance with FASB Accounting Standards Codification Topic 718 using the closing price of the Company's common stock on the last trading day immediately preceding the grant date. The grant date fair value of PSUs represents achievement at the maximum level of performance. These amounts may not correspond to the actual value eventually realized by each NEO because the value depends on the market value of our common stock. The PSUs granted in 2018 will only vest upon the achievement of certain performance conditions including the Company's year-over-year growth in comparable restaurant sales and

adjusted EBITDA.

(5) Amounts under "Option Awards" represent the aggregate grant date fair value of stock options granted in 2018 and 2017, calculated in accordance with FASB Accounting Standards Codification Topic 718. A description of the methodologies and assumptions we use to value option awards and the manner in which we recognize the related expense are described in Note 9, Stock-Based Compensation, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2019. These amounts may not correspond to the actual value eventually realized by each NEO because the value depends on the market value of our common stock.

(6) Bonuses were paid to each of our NEOs for 2018 and 2017. For 2018 and 2017, we maintained a bonus plan that provided each NEO with the opportunity to earn a bonus based in part on achievement of adjusted EBITDA goals and in part on achievement of individual performance goals. The bonus plan for each year conferred on the Compensation Committee of the Board the right in its discretion to increase or decrease the bonus payable based on factors including the executive's individual performance. The target bonuses under the plans were 50% of base salary for Mr. Murphy, 75% of base salary for Mr. Boennighausen, 40% of base salary for Mr. Kuick, Ms. Daggett, Mr. Hermann and 40% of base salary in 2018 and 25% of base salary in 2017 for Ms. Heidman. We did not achieve our adjusted EBITDA targets in 2017. The bonus amounts awarded in 2017 were based on the individual executives' achievement of their respective performance goals.

(7) Amounts shown in this column are detailed in the table below:

Name	Year	Car Allowance	Relocation Benefits	Life Insurance	Health & Wellness	Total Other Compensation
Paul Murphy	2018	$ —	$ —	$ 7,358	$ —	$ 7,358
	2017	—	50,000	705	3,465	54,170
Dave Boennighausen	2018	10,800	—	2,094	623	13,517
	2017	16,225	—	2,094	625	18,944
Ken Kuick	2018	1,038	76,080	—	—	77,118
	2017	—	—	—	—	—
Susan Daggett	2018	3,808	—	1,726	—	5,534
	2017	9,000	—	4,142	3,465	16,607
Chas Hermann	2018	6,923	76,080	3,991	611	87,605
	2017	—	—	—	—	—
Melissa Heidman	2018	9,000	—	2,825	—	11,825
	2017	1,014	—	2,311	625	3,950

Grants of Plan-Based Awards Table

The following table summarizes information regarding grants of plan-based awards for the NEOs during the fiscal year ended January 1, 2019.

Name	Grant Date	Award Description	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Minimum ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards (2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock and Option Awards: Number of Securities Underlying Awards	Exercise or Base Price of Option Awards ($/sh.)	Grant Date Fair Value of Stock and Option Awards
Paul Murphy	n/a	Bonus	$—	$275,000	$495,000						
	8/1/2018	RSUs							175,000		$1,837,500
	8/1/2018	Stock Options							25,000	$10.50	$148,928
Dave Boennighausen	n/a	Bonus	$—	$393,750	$708,750						
	1/16/2018	RSUs							40,000		$232,000
	6/29/2018	RSUs							14,227		$174,992
	6/29/2018	PSUs				1,645	13,157	26,314			$323,662
	6/29/2018	Stock Options							25,233	$12.30	$174,996
Ken Kuick	n/a	Bonus	$—	$130,000	$234,000						
	11/12/2018	RSUs							19,629		$179,998
	11/12/2018	Stock Options							23,110	$9.17	$119,996
Susan Daggett	n/a	Bonus	$—	$80,000	$144,000						
	1/16/2018	RSUs							22,000		$127,600
	1/16/2018	Stock Options							15,000	$5.80	$36,549
Chas Hermann	n/a	Bonus	$—	$150,000	$270,000						
	3/12/2018	RSUs							35,000		$238,000
	3/12/2018	Stock Options							25,000	$6.80	$74,013
	6/29/2018	RSUs							8,130		$99,999
	6/29/2018	PSUs				940	7,518	15,036			$184,943
	6/29/2018	Stock Options							14,419	$12.30	$99,999
Melissa Heidman	n/a	Bonus	$—	$110,000	$198,000						
	1/16/2018	RSUs							17,626		$102,231
	6/29/2018	RSUs							9,756		$119,999
	6/29/2018	Stock Options							11,535	$12.30	$79,998

(1) These amounts reflect the minimum, target and maximum amount of annual cash bonus that each of our NEOs could be paid. Our annual cash bonus program is designed to reward annual accomplishments against

pre-established and individual strategic financial goals.

(2) These amounts reflect the threshold, target and maximum number of shares issuable under PSUs. The related performance targets required for vesting are described above in footnote (4) to the 2018 Summary Compensation Table.

Outstanding Equity Awards at Fiscal-Year End Table
The following table sets forth information concerning stock options that are vested and exercisable, and stock options and restricted stock units that have not vested, for each of our NEOs outstanding as of January 1, 2019.

		Option Awards				Stock Awards		Equity Incentive Plan Awards	
Name	Grant Date	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)
Paul Murphy	7/10/2017	25,000	75,000 [1]	$4.10	07/10/2027				
	8/1/2018	—	25,000 [2]	$10.50	08/01/2028				
	7/10/2017					112,500 [3]	$786,375		
	8/1/2018					175,000 [4]	$1,223,250		
	7/10/2017							50,000 [5]	$349,500
Dave Boennighausen	12/27/2010	23,333	—	$8.67	12/27/2020				
	5/14/2012	22,503	—	$9.53	05/14/2022				
	12/6/2012	43,275	—	$12.13	12/06/2022				
	5/13/2014	20,000	—	$31.53	05/13/2024				
	5/6/2015	26,250	8,750 [6]	$16.70	05/06/2025				
	11/16/2015	11,455	7,637 [7]	$10.64	11/16/2025				
	9/21/2017	25,000	75,000 [8]	$4.20	09/21/2027				
	6/29/2018	—	25,233 [9]	$12.30	06/29/2028				
	5/4/2016					9,105 [10]	$63,644		
	9/21/2017					7,500 [11]	$52,425		
	1/16/2018					30,000 [12]	$209,700		
	6/29/2018					14,227 [13]	$99,447		
	9/21/2017							50,000 [5]	$349,500
	6/29/2018							26,314 [5]	$183,935
Ken Kuick	11/12/2018	—	23,110 [14]	$9.17	11/12/2028				
	11/12/2018					19,629 [15]	$137,207		
Chas Hermann	3/12/2018	—	25,000 [16]	$6.80	03/12/2028				
	6/29/2018	—	14,419 [9]	$12.30	06/29/2028				
	3/12/2018					35,000 [17]	$244,560		
	6/29/2018					8,130 [13]	$56,829		
	6/29/2018							15,036 [5]	$105,102
Melissa Heidman	12/6/2012	4,327	—	$12.13	12/06/2022				
	5/13/2014	2,375	—	$31.53	05/13/2024				
	3/4/2015	2,857	—	$18.43	03/04/2025				
	5/6/2015	3,667	1,223 [18]	$16.70	05/06/2025				
	8/14/2015	1,500	500 [19]	$12.76	08/14/2025				

11/16/2015	4,435	2,957	(7)	$ 10.64	11/16/2025
6/29/2018	—	11,535			