



CHRIS OLSON

THE GOOD EGG¹

What was to be done with the acquisition of a 20-unit restaurant company: The Good Egg?

“Now what?” Ken pondered as he stared out the window on his flight back from Phoenix having just closed on the acquisition of a 20-unit restaurant company: *The Good Egg*. Ken Pendery, the CEO of the *First Watch* restaurant chain for the last 30 years, had just recently grown the company by 20% in one fell swoop. But what was he to do with these Arizona restaurants located more than 1,000 miles from the nearest company-owned *First Watch*...convert them to *First Watch*, leave them be, institute the *First Watch* menu but leave *The Good Egg* flag...?

Ken understood that the decision regarding what to do with *The Good Egg* brand would have far-reaching consequences. The purchase and conversion to *First Watch* of two *J. Christopher's* restaurants in Atlanta 18 months earlier had not gone as planned. Part of the predecessor's loyal customer base defected, sales fell by nearly 20%, and the company struggled for the next year to restore sales and profits to pre-conversion levels. If *The Good Egg* were to have the same fate upon conversion, the results would be devastating for the company and the management team. Recognizing that *The Good Egg* was the most highly-penetrated breakfast, brunch, and lunch brand with 15 locations in Phoenix and 5 in Tucson as well as a 30-year operating history made the decision even more precarious.

The reasons for conversion were clear in Ken's mind. *First Watch* had 10% higher average unit sales volumes than *The Good Egg*. Additionally, having 20 newly-converted *First Watch* restaurants would provide a foothold in the West, further expanding the brand's presence. Finally, upon the inevitable sale of *First Watch* by its private equity group, the valuation of *First Watch* would be enhanced if those 20 restaurants were converted to *First Watch* as opposed to selling two disparate brands.

Allowing *The Good Egg* to simply continue to operate independently would provide a predictable, stable revenue and profit stream, and remove the possibility of conversion loss as was realized in Atlanta. Straying from this strategy posed the possibility of considerable upside potential, but also significant downside risk.

This would be one of the most pivotal decisions Ken would have to make as CEO and the decision consumed him for the remainder of his 5-hour flight back to Sarasota.

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U.S. Restaurant Industry

Today's food service industry is a result of the industrial revolution (see Exhibit 1). Technological advances made possible the mass production of food products, speedier distribution of goods, climate controlled storage facilities, and more efficient cooking appliances. New and emerging methods of transportation (trains, automobiles, and trucks) created a significant demand for public dining establishments (www.foodtimeline.org/restaurants).

Beginning in the early 1970s, women began working outside the home at an increasingly higher rate which had a direct effect on food spending away from the home (see Exhibit 2). Young families with dual incomes but little time used restaurants as a replacement to cooking at home. This changing demographic created strong demand for the restaurant industry fueling increases in both sales and restaurant outlets through the 1980s and 1990s. In the early to mid-2000s, the percentage of women in the workforce peaked and then started to decline. Decreasing along with this was the rate of change in restaurant same-store-traffic as restaurant supply began to exceed restaurant demand. Same-store-traffic was a key metric in the restaurant industry defined as the percentage change in visitation for all restaurants open in the current and prior year.

By 2014, the restaurant industry was the 2nd largest private sector employer with 14 million employees and industry sales topping \$700 billion. There were over 1 million restaurant locations in the United States where spending accounted for over 50% of every food dollar spent (National Restaurant Association).

While it was sometimes difficult to distinctly categorize a restaurant brand and its food and service offerings, the restaurant industry could be subdivided into two classes, limited service and full service, and a number of different segments within each class.

Limited Service Restaurants

Limited service restaurants comprised 55% of industry sales and included the quick service segment and the recently emerged fast casual segment.

Quick Service

Quick-service (fast food) restaurants provided foodservice where patrons generally ordered or selected items and paid before eating. Food and drink could be eaten on premises, taken out, or delivered. The average per-person dinner was \$3-\$6. Examples of traditional quick-service restaurants included: *Pizza Hut, Taco Bell, KFC, Hardee's, Wendy's and Carl's Jr.* While the quick service segment's share of limited service sales at 85% dwarfed that of its newer member, they had been consistently losing share to this emerging fast casual segment.

Fast Casual

The burgeoning fast-casual segment of restaurants served freshly prepared, wholesome quality, authentic foods in a reasonably fast service format. The average per-person dinner was \$7-\$9. Examples of fast-casual restaurants included: *Chipotle, Five Guys, Panera, Panda Express, and Pei Wei.* While making up only 15% of limited service sales, fast casual restaurants had seen their sales growth consistently outpace that of quick service and continued to steal their market share as consumers clamored for a better limited service experience.

Full Service Restaurants

Full service restaurants made up the balance of industry sales at 44% (save 1% for the bar/tavern category) and included the family dining, casual dining and fine dining segments.

Family Dining

Family dining full-service restaurants provided serving staff and orders were taken while the patron was seated. The average per-person dinner was \$10 or less. Members of this group were fairly diverse and included 24-hour operations, diners, daytime-only restaurants, and budget steakhouses. Examples of this segment included: *IHOP*, *Denny's*, *The Egg & I*, *Steak-n-Shake*, *First Watch*, and *Ponderosa*.

Casual Dining

Casual dining full-service restaurants provided serving staff and the order was taken while the patron was seated. The average per-person dinner was \$10- \$25. Examples of this segment included: *Chili's*, *Olive Garden*, *Red Lobster*, *TGI Friday's*, *Macaroni Grill*, and *Outback Steakhouse*. The casual dining segment was hit hard by the great recession and, coupled with the emergence of the fast casual segment, had seen same-store-traffic declines of 2% per year since 2009. To compete, this segment relied heavily on discount promotions (i.e., buy one get one free/2 for \$20) and limited time menu offerings.

In terms of price point, the top end of this segment had been further defined with the tag of “polished” casual dining. Examples of polished-casual restaurants included: *Bonefish Grill*, *Season's 52*, *Brio*, *Kona Grill* and *Houston's*.

Fine Dining

Fine dining full-service restaurants provided serving staff and the order was taken while the patron was seated. The average per-person dinner was \$25 or more. Examples of fine dining restaurants included: *Ruth's Chris Steak House*, *McCormick & Schmick's*, *Morton's Steakhouse* and *Ocean Prime*. This smallest player in full service restaurants was hit hardest by the great recession with negative traffic in the mid to high teens in consecutive years, but has since rebounded (along with the stock market) to pre-recession traffic levels.

Breakfast, Brunch and Lunch Sub-Segment

Also known as the “daytime-only” sub-segment of the Family Dining segment, the breakfast, brunch and lunch (“BBL”) sub-segment was characterized by restaurants that were open only for the breakfast, brunch and lunch meal periods and elected to forego offering dinner service often closing by late afternoon and operating 7 ½ to 8 hours a day.

First Watch Restaurants, Inc.

The company's name was based on a nautical term used in dividing the 24-hour work day on a ship into six four-hour “watches:” middle watch, morning watch, forenoon watch, afternoon watch, dog watch, and *first watch*. Ironically, the *first watch* begins at 8:00 p.m. and ends at midnight, yet First Watch was a daytime-only café. First Watch operated in the breakfast, brunch and lunch sub-segment operating between the hours of 7:00 a.m. and 2:30 p.m.

Company Overview

First Watch was a full-service restaurant chain operating in the family dining segment of the restaurant industry. *First Watch* specialized in award-winning, made-to-order breakfast, brunch and lunch including traditional favorites, such as omelets, pancakes, sandwiches and salads, and unique specialty items like the Chickichanga, Pesto Chicken Quinoa Power Bowl and Fresh Fruit Crepes (see Exhibit 8). All menu items were freshly prepared to order and the restaurant did not use deep fryers or heat lamps. The entire menu was available seven days a week from 7:00a.m. to 2:30p.m. Guests were offered complimentary newspapers and free Wi-Fi Internet access (<http://www.firstwatch.com/>).

The first restaurant opened in 1983 in Pacific Grove, California. At that time, there was no breakfast restaurant-focused category. The company was founded by John Sullivan, a restaurant veteran and co-founder of *Le Peep Cafe*, also a breakfast, brunch and lunch concept founded in Denver, CO in 1981. One of those co-founders, Ken Pendery, joined John Sullivan in opening the second *First Watch* and remained as *First Watch's* CEO for over 30 years.

In 2014, *First Watch* was the largest and fastest-growing daytime-only restaurant concept in the U.S. with more than 130 restaurants in 17 states (see Exhibit 7). It also operated 20 restaurants under *The Good Egg* name in Arizona and one *Bread & Company* restaurant in Nashville with another under development.

First Watch has received more than 200 “Best Breakfast” and “Best Brunch” awards. The company was named a 2013 “Next 20” Emerging Brand by *Nation's Restaurant News*, a 2014 Top Franchise Value by *FSR Magazine*, the recipient of the 2014 MenuMasters Award for Best Healthful Innovation for its Quinoa Power Bowl and was the 2015 Consumer Picks award winner in the family dining segment from a *Nation's Restaurant News* survey (see Exhibit 3 and Exhibit 6).

Strategic Plan

In December 2011, a majority interest in *First Watch Restaurants, Inc. and Subsidiary* was purchased by *Freeman Spogli*, a private equity firm (see Exhibit 4). At that time there were 79 company-owned restaurants and 12 franchise-owned restaurants in 13 states.

The company's five-year plan developed shortly thereafter called for growing company-owned restaurants to 200 locations and growing franchised-owned restaurants to 100 locations. Company-owned development goals would be achieved through a mix of acquisitions and organic growth--sourcing real estate, negotiating leases and making investments in furniture, fixtures, and equipment as well as improving the leased space. Acquisitions could involve acquiring a lone operating restaurant, an operating restaurant company with multiple locations which may or may not be a direct competitor, or simply acquiring a lease from a tenant with suitable space to build-out a restaurant. Franchise development goals would be achieved through existing franchisees fulfilling the development commitments outlined in their franchise agreement, and selling additional franchise territories and development rights to prospective franchisees.

Demonstrating the ability to grow the number of restaurant outlets, particularly in new states, was pivotal to enhancing the company's ultimate value. In addition, being able to grow a stable and comparatively less risky stream of royalty payments would inordinately enhance the company's valuation multiple.

The Good Egg Acquisition

In mid-2013, the company was presented with an opportunity to purchase a 20-location, breakfast, brunch, and lunch restaurant chain located in Arizona called *The Good Egg*. *The Good Eggs* were full-service restaurants operating in the family dining segment of the restaurant industry and were open

between the hours of 6:30a.m. and 2:30p.m. Founded in 1983, the company grew to 15 restaurants in metro Phoenix and five others in southern Arizona over a 30-year period. The principal of the closely-held company was interested in monetizing his long-held investment and pursuing new investment opportunities.

The acquisition opportunity fit well with the company's strategic plan of growth through acquisition and the company felt that the underlying real estate for *The Good Egg* restaurants was superior to that of *First Watch*. However, the company also believed that having "egg" in the brand name served to stymie lunch sales and that their lunch offerings could be more compelling (see Exhibit 9). In addition, *The Good Egg* catered to an older demographic while *First Watch* was seeking to attract younger diners with a more contemporary menu and fresh look with its "urban farm" remodel program.

Following exhaustive due diligence, the company closed on the acquisition in February 2014.

Post-Acquisition Options

Convert to First Watch in Every Way but Trade Name

One option for *First Watch* was to capitalize on the equity in *The Good Egg* name, but make it like a *First Watch* in all tangible respects. It could serve First-Watch food (with *The Good Egg* name on the menu) in a First-Watch-looking dining room (with a *The Good Egg* sign on the building) and also keep *The Good Egg* operating hours. This approach would avoid the potential of alienating its loyal customer base and impinging on the brand pride felt by its employees. Additionally, this would allow First Watch to further leverage its purchasing power (see Exhibit 5).

Convert to First Watch in All Respects

The Arizona market was not without *First Watch* restaurants. As many as four licensed *First Watch* restaurants had been in operation in the Phoenix/Scottsdale area over the last 30 years with three in operation as of 2014. The licensee was a former partner of Mr. Pendery in the original *First Watch* restaurant and secured rights to license the brand in the greater Phoenix area while Mr. Pendery headed east to plant the *First Watch* flag in Sarasota, FL in 1986. While not under the stricter supervision of a franchised *First Watch* restaurant, the brand was, at least, already established in the "Valley of the Sun" and enjoyed comparable average unit sales volumes as *The Good Egg*.

With 20 additional *First Watch* restaurants in Arizona, the company would further establish its presence in Arizona and the western United States, and could leverage its scale related to purchasing, advertising, human resources and accounting costs. In addition, upon the ultimate sale of the company to private investors or a public offering, the company would likely garner a higher valuation with a homogenous company of *First Watches* versus a portfolio of disparate "BBL" concepts. Finally, the typical *First Watch* restaurant enjoyed 10% higher sales than its *The Good Egg* counterpart. And those higher sales carried with them a 40% marginal profit rate.

Hybrid Approach

Given the total number of restaurants being acquired and in two distinct markets, the company could engineer a test to ascertain the effect of changing any or all components of one or more of *The Good Egg* restaurant locations. It could convert three restaurants in all respects, and convert three others in all but trade name and then monitor traffic and consumer perceptions versus the remaining unchanged

restaurants (control group). This approach would serve to reduce the exposure to an unfortunate reaction by loyalists, while also lowering the amount of capital being put at risk.

Do Nothing

There was no impending reason to convert *The Good Egg* to *First Watch*. *The Good Egg* was highly-penetrated in Phoenix and Tucson with a recognizable brand name, was well-trafficked, and had significant sales and cash flow. Being in the BBL segment, *The Good Egg's* offerings and service style were similar enough to that of the company such that it could still bring operational expertise and purchasing synergies to *The Good Egg* under its current moniker. Under this alternative, the company would also avoid the capital expense of converting trade dress and signage to that of *First Watch*.

Summary

The acquisition of *The Good Egg* was not the company's first acquisition. In the fall of 2012, the company acquired two *J. Christopher's* restaurants in suburban Atlanta, GA--the company's first restaurants in the Atlanta market. A significant part of the predecessor's loyal customer base immediately defected and migrated to remaining *J. Christopher's* in the market. Some customers did not even bother entering the building once they saw the new sign. Certain employees' morale also soured as they donned a new polo emblazoned with *First Watch*, a brand previously foreign to them. As a result, sales fell nearly 20% and the company struggled over the next year to restore sales and profits to pre-conversion levels.

The question of what to do with *The Good Egg* was profound. *The Good Egg* represented 20% of the overall company and *First Watch* now owned an Arizona institution having served two generations of families in Phoenix. The geographic challenge of being a thousand miles away from the nearest company-operated *First Watch* was also a consideration and converting 20 restaurants to *First Watch* would pose a human resource challenge.

The upside, though, was clear. Without "egg" in the name, *First Watch* restaurants garnered 10% higher average unit sales predominately from lunch. In addition, having a homogenous portfolio of restaurants would certainly help with the exit valuation.

Biography



Chris Olson is the Senior Vice President of Finance at First Watch Restaurants, Inc. and a life-long student of the restaurant industry. He is currently enrolled in the Doctorate of Business Administration program at the University of South Florida. He received his M.B.A. from the University of Texas at Dallas and his undergraduate degree in Finance from Oklahoma State University. Olson is also a Certified Public Accountant licensed in the State of Florida.

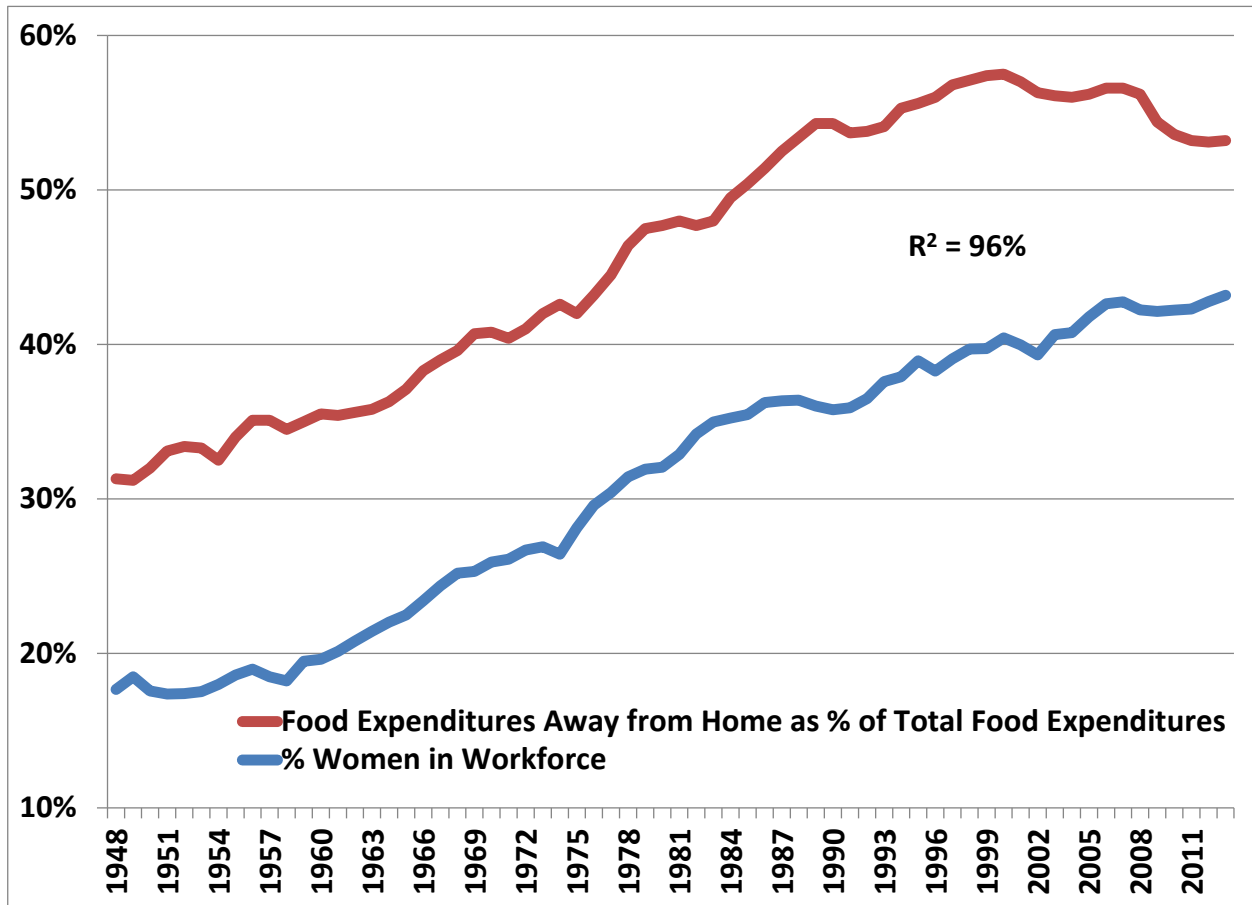
Exhibit 1: History of the Restaurant

Origin

Derived from the French word *restaurer*, to restore, the origin of restaurants is credited to 18th century France. The first French restaurants were unassuming, highly-regulated establishments that sold *restaurants*; meat-based consommés intended to “restore” a person’s strength if feeling ill. After the French Revolution, the monopolistic rights of the restaurant guild, which had been under license by the king since the Middle Ages, were abolished forcing the former chefs of the aristocrats to find new work serving the working masses. This development stirred the demand of French citizens who embraced the principal of egalitarianism knowing anyone could purchase a given meal if willing to pay the price. Enterprising French chefs capitalized on this swell by offering portioned dishes, prepared and priced to order, and merchandised on menus. The modern restaurant was born.

Source: <http://www.foodtimeline.org/restaurants.html>

Exhibit 2: Influence of Women in the Workforce on Restaurant Sales



Source: Developed by case writer.

Exhibit 3: National & Regional Competitors in the Breakfast, Brunch and Lunch Sub-Segment (“BBL”)



Name	Year Founded	No. Restaurants
Le Peep	1970	54
Jimmy's Egg	1980	42
First Watch	1983	126
The Good Egg	1983	20
Egg Harbor Café	1985	18
Egg & I	1987	115
Another Broken Egg	1996	48
J. Christopher's	1996	22
		445



Source: Developed by case writer.

Exhibit 4: Freeman Spogli & Co.

FS Freeman Spogli & Co.

Freeman Spogli is a leading private equity firm dedicated to investing with management in middle market companies in the consumer and distribution sectors.

Our firm was founded by Bradford M. Freeman and Ambassador Ronald P. Spogli in 1983 with the goal of investing capital in partnership with management teams to help build growth-oriented companies. Mr. Freeman and Ambassador Spogli were among the pioneers in the private equity business and raised the firm's first institutional equity fund in 1986. In its three decades in business, our firm has grown to over 25 employees in two offices and has invested \$3.4 billion of private equity capital in 51 companies. We currently manage four investment funds totaling \$4.0 billion in committed capital and have investments in 14 companies with total sales of \$10 billion.

Criteria for Investment

Industry:

- Established companies in the consumer and distribution industries
- Includes retail, restaurants, direct marketing, e-commerce, consumer products, retail services and wholesale and business-to-business distribution

Transaction Types:

- Management buyouts, leveraged recapitalizations, corporate carve-outs and equity investments

Company Characteristics:

- Strong management teams
- Defensible market positions
- Platform for organic and acquisition growth
- Solid margins and free cash flow

Geography:

- North America

Company/Transaction Size:

- Companies with EBITDA of \$10 million to \$75 million
- Equity investments of \$50 million to \$150 million
- Transactions of \$100 million to \$750 million in total size

Source: <http://www.freemanspogli.com/>

Exhibit 5: Brands with Identical/Similar Offerings and Different Names

Restaurants

The notion of operating identical brands in all material respects but name is not a new phenomenon. After a 1999 merger between Checker's and Rally's, Rally's adopted the Checker's design and since then both Checker's and Rally's continued to offer a limited menu, had a similar restaurant design with a double drive through, and had very similar menu offerings.

In 1997 the parent company of Carl's Jr. purchased Hardees. Both brands operated in the quick-service segment of the restaurant industry and catered to young males with significant appetites. Eventually, their trade dress and menu offerings became identical although they maintained a separate brand name.

Packaged Goods

In 1932, Best Foods bought its East coast rival, Hellman's Mayonnaise. Both companies maintained their separate brand identities, as both had large market shares in their respective regions. It was not until 1968 when Best adopted the blue ribbon of Hellman's, thus, merging the logos in all but name. To this day, both brands use the same commercials and advertisements but with switched names. Both products have the same ingredients, but loyalists swear to a different taste.

Masters Dreyer and Edy founded Edy's Grand Ice Cream in 1928. When Mr. Edy left the business in 1947, Mr. Dreyer renamed the company in his likeness. When the company expanded to the East coast in 1981, the company decided to resurrect the trade name Edy's so as not to confuse the brand with an East coast brand, Dreyer's. To this day, the company operates under both brands in all respects but brand name.

Orowheat was founded in Hollywood, CA in 1932. Arnold Bakery was founded in Connecticut in 1940. In 1946, Brownberry was founded in Wisconsin. Arnold, Brownberry and Orowheat breads were all purchased by Bimbo Bakeries in the 2000's. While all have distinct histories, they all now operate as divisions of Bimbo Bakeries, USA.



Best Foods/Hellmann's



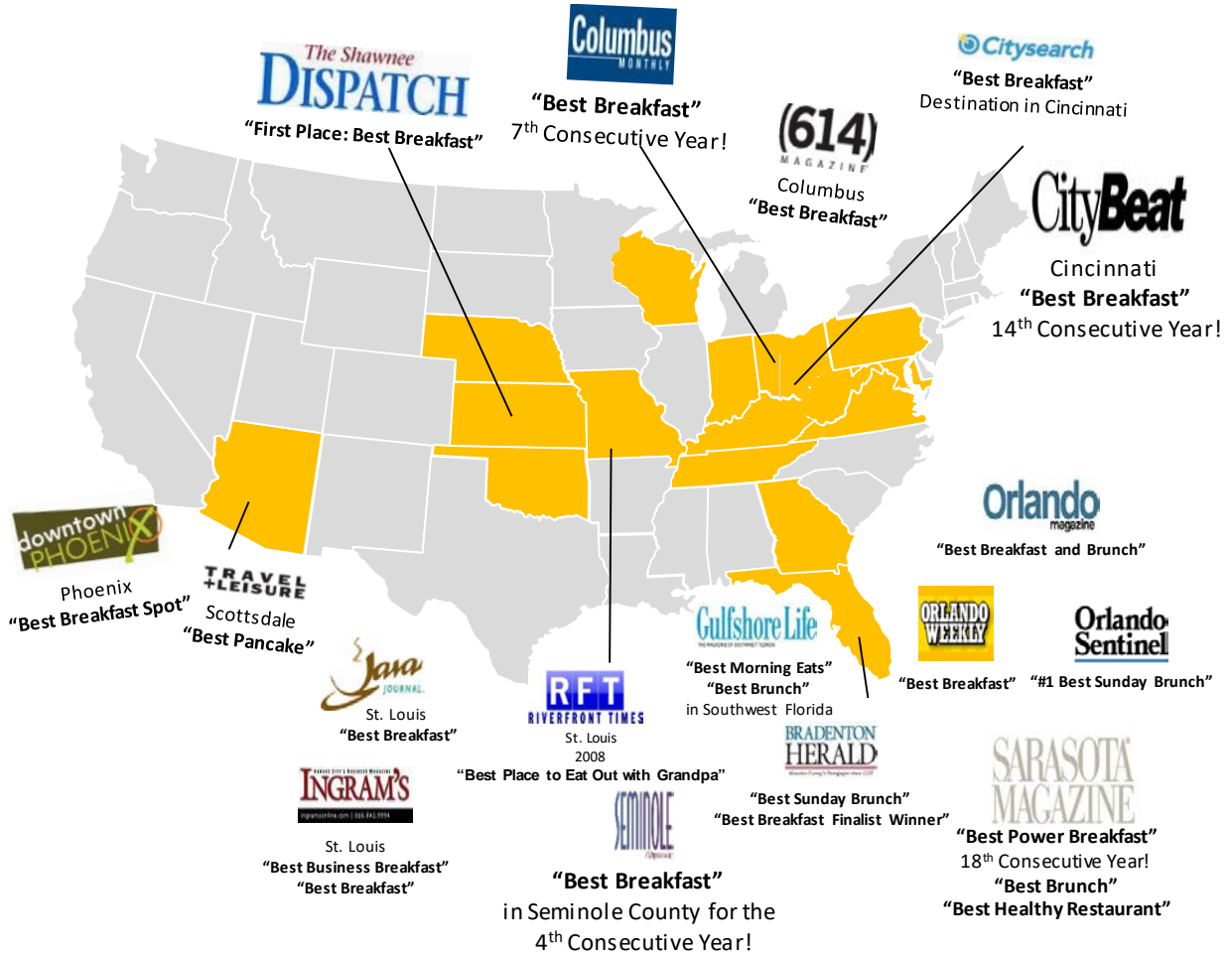
Dreyer's/Edy's



Bimbo Bakeries

Source: Developed by case writer.

Exhibit 6: First Watch Accolades



Consumer Reports®

2003, 2005, 2009, 2011

"Highest Rated of All Restaurants in All Categories"

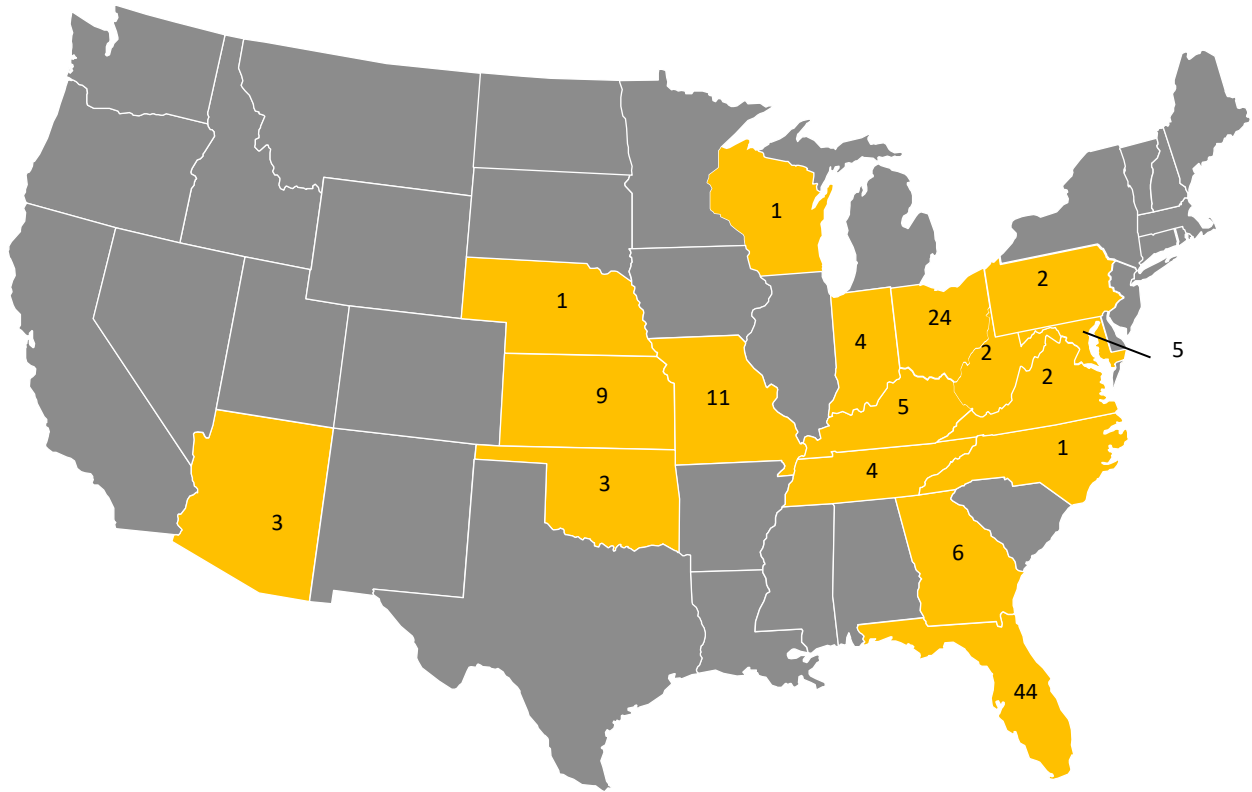
Best Overall Customer Service in Restaurant Industry Category



Winner of the 2014 Menu Masters for Best Healthful Innovations

Source: Developed by case writer.

Exhibit 7: First Watch Footprint - 2014



Source: Developed by case writer.

Exhibit 8: First Watch Menu

THE DAYTIME CAFE **FIRST WATCH** BREAKFAST · BRUNCH · LUNCH

— WE PROUDLY FEATURE FRESH SEASONAL PRODUCE FROM LOCAL GROWERS WHENEVER POSSIBLE —

THE TRADITIONAL BREAKFAST Two fresh cage-free eggs* any style with your choice of grilled ham steak, thick-sliced bacon, turkey sausage or sausage links. Served with an English muffin and fresh, seasoned potatoes. 8.19

TRI-FECTA Two fresh cage-free eggs* any style with either a light and airy Belgian waffle or a multigrain pancake. Plus your choice of thick-sliced bacon, turkey sausage or sausage link. 8.19

OMELETS

Served with either dressed greens OR fresh, seasoned potatoes and an English muffin. Cholesterol/fat-free eggs or egg whites may be substituted at no additional charge.

BACADO Bacon, avocado and Monterey Jack. Topped with sour cream and served with a side of housemade salsa. 8.99

ACAPULCO EXPRESS Chorizo sausage, avocado, green chiles, house-roasted onions, Cheddar and Monterey Jack. Topped with sour cream and served with a side of housemade salsa. 8.79

GREEK FETISH Roasted red peppers, spinach and onions with feta and black olives. 8.69

VEG'D OUT House-roasted Crimini mushrooms, zucchini, onions, tomatoes and broccoli with Cheddar and Monterey Jack. 8.59

VIA VENETO Italian sausage, house-roasted tomatoes and red peppers with fresh herbs, mozzarella and Parmesan. 9.19

THE WORKS Ham, bacon, sausage, house-roasted Crimini mushrooms, onions and tomatoes with Cheddar and Monterey Jack. Topped with sour cream. 9.29

SWISSROOM Ham, house-roasted Crimini mushrooms and onions with fresh herbs and Swiss. 8.99

THE HEALTHIER SIDE

ENERGY BOWL Your choice of our housemade granola or Muesli cereal of oats, sliced almonds, pecans, Craisins, wheat germ and raisins. Topped with fresh fruit and a touch of cinnamon. Served with low-fat organic yogurt. 5.19

SIESTA KEY COCKTAIL. A healthy parfait of vanilla and strawberry low-fat organic yogurt, fresh fruit, nuts and our housemade granola. Served with a fresh baked muffin of the day. 7.39

TRI-ATHLETE Egg white omelet with house-roasted Crimini mushrooms, onions, tomatoes and green chiles. Served with housemade salsa, a dry English muffin and fresh fruit. 7.99

POWER WRAP Egg whites, turkey, spinach, house-roasted Crimini mushrooms and Swiss in a sun-dried tomato-basil tortilla. Served with fresh fruit and a side of housemade salsa. 8.19

HEALTHY TURKEY Egg white omelet with turkey, house-roasted onions, tomatoes, spinach and feta. Served with a dry English muffin. 8.19

CRANBERRY NUT OATMEAL Made to order with cranberries, Georgia pecans and sliced banana. Served with low-fat milk, brown sugar and an English muffin. 5.19 Plain 4.79

FRESH FRUIT CREPES Two thin, sweet crepes wrapped around fresh fruit, topped with low-fat organic strawberry yogurt. Served with a fresh baked muffin of the day and housemade granola. 7.89

EGGS-CLUSIVES

CHICKICHANGA Whipped eggs with spicy all-natural white-meat chicken, chorizo sausage, green chiles, Cheddar and Monterey Jack, onions and avocado rolled in a flour tortilla. Topped with Vera Cruz sauce and sour cream. Served with fresh fruit and fresh, seasoned potatoes. 9.39

KEY WEST CREPEEGGS A thin crepe layered with fresh eggs, turkey, avocado, bacon, tomatoes and Monterey Jack. Topped with sour cream and served with an English muffin, a side of housemade salsa and fresh, seasoned potatoes. 8.99

EGGS BENEDICT Two poached cage-free eggs* atop a toasted English muffin piled high with your choice of combinations below and covered with hollandaise. Served with fresh, seasoned potatoes. 9.39

• Ham and tomato
• Florentine - fresh spinach, avocado and tomato

BREAKFAST SCRAMBLE Fresh, scrambled cage-free eggs, spinach, ham and melted Cheddar and Monterey Jack on multigrain toast. Topped with hollandaise and served with fresh fruit and fresh, seasoned potatoes. 8.39

FRENCH TOAST MONTE CRISTO Housemade sourdough French toast layered with ham, turkey, melted Swiss and creamy Dijonnaise grilled to perfection and dusted with powdered cinnamon sugar. Served with dressed greens and a side of preserves for dipping. 9.39

HASHES

AVOCADO, BACON AND TOMATO HASH Two fresh cage-free eggs* any style atop fresh, seasoned potatoes, avocado, bacon and tomatoes with melted Cheddar and Monterey Jack. 9.19

BACON AND ONION HASH Two fresh cage-free eggs* any style atop fresh, seasoned potatoes, bacon and house-roasted onions with melted Cheddar and Monterey Jack. 9.19

MARKET HASH Two fresh cage-free eggs* any style atop fresh, seasoned potatoes, house-roasted Crimini mushrooms, zucchini, onions and red peppers with spinach, melted mozzarella and herbed goat cheese. 9.19

PARMA HASH Two fresh cage-free eggs* any style atop fresh, seasoned potatoes, Italian sausage, house-roasted Crimini mushrooms, onions and tomatoes with melted Parmesan, mozzarella and fresh herbs. 9.49

THE MIDDLE GRIDDLE

MULTIGRAIN PANCAKES We've gotta warn you: These beauties are beyond big - they're humongous! Choose your stackage accordingly.

• Plain
• Blueberry
• Chocolate Chip
• Banana Granola Crunch
• Bacon and Cheddar
• Wheat Germ
• Cranberry Nut
• Carrot Cake
• Pecan

One 3.89 Two 5.19 Three 6.59

BELGIAN WAFFLE Our light and airy waffle with a side of warm, mixed berry compote. 6.89

FLORIDIAN FRENCH TOAST Sourdough French toast with wheat germ and powdered cinnamon sugar, covered with fresh banana, kiwi and seasonal berries. 8.79

FRENCH TOAST Your choice of sourdough or raisin bread. Topped with creamy butter and powdered cinnamon sugar. 7.19

*EGG-FREE STRIP AVAILABLE UPON REQUEST
100% PURE MATLE STRIP AVAILABLE FOR 1.39

POWER BOWLS

PESTO CHICKEN QUINOA BOWL Protein-packed quinoa, kale, shredded carrots and house-roasted tomatoes topped with grilled all-natural lemon chicken breast, basil pesto sauce, feta crumbles and fresh herbs. 8.39

CHERRY CHICKEN QUINOA BOWL Protein-packed quinoa, house-roasted zucchini, dried cherries, all-natural white-meat chicken breast and herbed goat cheese. Topped with sliced almonds, fresh herbs and drizzled with balsamic dressing. 8.99



*CONSUMING RAW OR UNDERCOOKED ITEMS SUCH AS MEATS OR COOKED TO CINDER BREADS WITH LESS THAN WELL-DONE YOLKS MAY POSE AN INCREASED RISK OF FOOD-BORNE ILLNESS.

SANDWICHES

Sandwiches served with dressed greens or a bowl of hot soup.

MONTEREY CLUB Turkey, bacon, avocado, lettuce, tomato, Monterey Jack and mayo on multigrain. 8.69

BAJA TURKEY BURGER A lean white-meat turkey patty with avocado, lettuce, housemade salsa, mayo and Pepper Jack on a grilled wheat bun. 8.19

CHICKEN PALERMO Grilled all-natural white-meat chicken, sliced tomato, onion, pepperoncini and mozzarella with basil pesto and mayo on artisan ciabatta. 8.89

REUBEN Corned beef or turkey on grilled rye with Thousand Island, sauerkraut and Swiss. 8.19

BEEFEATER Roast beef, tomato, Cheddar and Monterey Jack on grilled Parmesan-crustated sourdough. Horseradish sauce on the side. 8.99

VEGGIE GRILL House-roasted Crimini mushrooms, zucchini and spinach with basil pesto, mayo and melted Swiss on grilled multigrain. 7.99

NOT GUILTY YOUR HONOR A wheat tortilla filled with house-roasted Crimini mushrooms, tomatoes, red peppers, spinach, cucumber and feta. Served with a side of hummus. 7.89

BLTE The classic BLT plus an over-hard cage-free egg, Monterey Jack and mayo on multigrain. 7.69

VEGGIE BURGER A seasoned all-natural patty of brown rice, Peppadew peppers, onions, carrots and mushrooms. Served on a grilled wheat bun with avocado, lettuce, tomato, red onion and a side of Santa Fe sauce. 8.19

GRILLED TURKEY Turkey, bacon, tomato and Monterey Jack with ranch dressing on grilled sourdough. 8.39

CHICKEN SALAD MELT All-natural white-meat chicken salad made with apples, raisins and celery served open-faced on grilled multigrain. Topped with tomato and melted Monterey Jack. 8.19

SALADS

Salads made with fresh spring greens and served with artisan ciabatta toast.

PECAN DIJON All-natural white-meat chicken breast, bacon, avocado, pecans, tomato and carrots with Cheddar and Monterey Jack. Drizzled with warm honey Dijon dressing. 8.39

COBB Bacon, turkey, egg, tomato, avocado and bleu cheese crumbles. Your choice of dressing. 8.39

SANTA FE Cajun all-natural white-meat chicken breast, house-roasted Crimini mushrooms, tomato, avocado, housemade ciabatta croutons, Cheddar and Monterey Jack with Santa Fe dressing. 8.39

FRUITY CHICKEN Our all-natural white-meat chicken salad served with baby spinach, tomato, seasonal fruit and poppyseed dressing. 8.19



2 FOR YOU

LUNCH SPECIALS THAT ARE TWICE AS NICE 7.49

CHOOSE TWO FROM THE FOLLOWING

½ sandwich • ½ salad • cup of soup

SANDWICHES

- Reuben
- Monterey Club
- Beefeater
- Veggie Grill
- Grilled Turkey

SALADS

- Pecan Dijon
- Cobb
- Dressed Greens
- Santa Fe

SOUPS

- Soup of the Day
- Tomato Basil

BEVERAGES

SUNRISE SELECT COFFEE

An entire pot of our premium, full-flavored coffee – freshly brewed just for you. Regular or Decaf

ICED COFFEE

A selection of hot organic herbal teas

HOT CHOCOLATE

LOW-FAT MILK Small or Large

100% FRESH-SQUEEZED OJ

Small or Large

JUICES Apple, Grapefruit, Cranberry and V8®

Small or Large

FRESH-BREWED ICED TEA

Fresh-brewed throughout the day using only all-natural, long-leaf tea. Regular or lightly sweetened food. Green Tea (free refills)

COCA-COLA Soft Drinks (free refills)

S.PELLEGRINO (Sparkling)

SIDES & SMALL PLATES

BOWL OF SOUP Tomato Basil or Soup of the Day 4.19

FRUIT BOWL Filled with fresh seasonal fruit Large 4.99 Small 3.99

FRESH, SEASONED POTATOES 9.99

ENGLISH MUFFIN OR TOAST 1.30

BAGEL With cream cheese 1.99

FRESH BAKED MUFFIN OF THE DAY 2.49

HAM, BACON, SAUSAGE OR TURKEY SAUSAGE 3.49

Yeah, it's fresh.

Here at First Watch we begin each morning at the crack of dawn, slicing fresh fruits and vegetables, baking muffins and whipping up our French toast batter from scratch. Everything is made to order, and freshness is never compromised. We don't use heat lamps or deep fryers – we use only the finest ingredients possible for the freshest taste around.



For our guests with food allergies, please inform your server prior to ordering. We will make every effort to accommodate your request.



Source: <http://www.firstwatch.com/>

Exhibit 9: The Good Egg Menu

FRESH STARTS

THE TRADITIONAL BREAKFAST
2 fresh eggs* any style with your choice of bacon, sausage, links, all natural ham steak, turkey sausage patties or chorizo. Served with an English muffin & seasoned potatoes. 8.79

1 → EYE OPENER COMBO ← 1
2 fresh eggs* any style with Side Kick pancakes, omelet or cinnamon French toast. Plus your choice of bacon, sausage links, all natural ham steak, turkey sausage patties or chorizo. 8.79

BISCUITS & GRAVY
Buttermilk biscuits, sausage gravy, 2 eggs* any style & a side of fresh, seasoned potatoes. 8.79

MUSHROOM CAPS
Sautéed mushroom caps topped with melted sharp cheddar & jack. Served with 2 eggs* any style, an English muffin & fresh, seasoned potatoes. 8.79

BREAKFAST SANDWICH
Fresh eggs* any style with your choice of bacon, sausage links, turkey sausage patties, shaved all natural ham or turkey & your choice of cheese on sourdough.
Served with a cup of fresh fruit. 8.49

PANCAKES

Choice of buttermilk or whole wheat batter. Make any pancake a protein pancake by adding vanilla protein powder for \$1.

CLASSIC CAKES
Flute-sized omelet served with house maple syrup. Whipped butter upon request. Single 6.99 Short Stack 7.69

MY BERRY AMOR
Granola-crusted Side Kick omelet, dried cranberries, blueberries, strawberries, cran-raspberry reduction, vanilla cheesecake batter & powdered sugar. 7.69

BANANAS PRESLEY
Side Kick omelet with bananas in salted honey butter, ambronax, peanut butter & dark chocolate chips. Topped with a slice of bacon. 7.69

PINEAPPLE UPSIDE DOWN
Side Kick omelet with caramelized peaches, citrus & brown sugar glazed pineapple, oak cherries, whipped cream, cinnamon & nutmeg. 7.69

FRENCH TOAST

CLASSIC FRENCH TOAST
2 thick slices of battered & grilled house-baked cinnamon loaf lightly dusted with powdered sugar. Whipped butter & strawberry or blueberry compote upon request. 7.99

FOUR PEAKS FRENCH TOAST
4 stacked French toast halves covered with freshly sliced strawberries, banana, blueberries, caramelized peaches, oatmeal sauce, cream cheese frosting, powdered sugar, whipped cream, cinnamon & nutmeg. 9.79

BENEDICTS

Served with a side of fresh, seasoned potatoes.

THE GOOD EGG'S BENEDICT
2 poached eggs* with grilled, shaved all natural ham piled high on a toasted English muffin topped with hollandaise. 9.49

FLORENTINE
2 poached eggs* with sautéed spinach, mushrooms & onion on a toasted English muffin topped with hollandaise, sliced bacon & tomato. 9.49

SUNRISE
2 poached eggs* with grilled, shaved turkey breast, grilled tomato & avocado on a toasted English muffin. Topped with hollandaise. 9.49

SKILLETS

Topped with melted sharp cheddar & jack.

VEGGIE
2 fresh eggs* any style atop a hash of fresh, seasoned potatoes, spinach, mushrooms, onion, mushrooms & broccoli. 7.99
Served with an English muffin.

BAKED POTATO
2 fresh eggs* any style atop a hash of fresh, seasoned potatoes, bacon, onion, sour cream, sautéed & tomato. 9.29
Served with an English muffin.

LUMBERJACK
2 fresh eggs* any style atop a hash of fresh, seasoned potatoes, bacon, all natural ham, sausage, mushrooms, onion & bell peppers. Topped with sausage gravy. 9.99
Served with a biscuit & honey.

LIGHTEN UP

GREEK YOGURT PARFAIT
Non-fat Greek yogurt mixed with your choice of raspberry, blueberry, strawberry or caramel sauce with fresh blueberries, strawberries, bananas and apples. Topped with walnuts. 6.79

GRAINS, FRUITS & NUTS
McDarr's Irish Oatmeal topped with fresh strawberries, banana, blueberries, almonds, caramelized peaches, cinnamon, nutmeg, milk & brown sugar. 6.99

NURSE'S BIALY BREAKFAST
Scrambled egg whites, turkey breast, spinach, onion & sliced tomato. 8.79
Served with a toasted wheat bialy, low-fat cream cheese & a cup of fruit.

OMELETS

Served with fresh, seasoned potatoes & an English muffin (except where noted).

BACON
Bacon, avocado, & sliced tomato with Erie & jack. Served with a side of salsa. 8.69

EGG WHITE & 7 VEGGIE
Egg whites, broccoli, mushrooms, onion, spinach, zucchini, red bell pepper, malted Erie, sliced tomato & sautéed onions. 9.99

WILDCAUT
Chorizo, green chilies, grilled onions & jalapeno topped with black beans, corn tortilla strips, sharp cheddar, Yersoron sauce, sour cream, olives & pico de gallo. 9.79
Served with salsa & tortillas.

SPANISH
Green chilies, grilled onions, salsa, jalapeno, jack, sharp cheddar, sour cream, pico de gallo. 8.79

COUNTRY COMBO
All natural ham, sausage, bacon, Monterey jack & sharp cheddar. Topped with sausage gravy & served with a biscuit & honey. 9.49

SOUTHWEST BREAKFASTS

HUEVOS RANCHEROS
2 eggs* any style atop fresh potatoes with corn tortilla strips, black beans, melted cheese, sour cream & pico de gallo. 8.79
Served with flour or corn tortillas & salsa.

HOT JUAN BURRITO
A burrito filled with scrambled eggs, chorizo, potatoes, grilled onions & jalapenos topped with chili verde & pico de gallo. 8.99
Served on black beans with a side of salsa.

BREAKFAST TACOS
Corn tortillas filled with scrambled egg whites, spinach, onion & red bell peppers. Topped with pico de gallo & avocado. 8.79
Served with black beans, salsa & lime wedges.

LA CASA POTENCIA (POWER HOUSE)
6 scrambled egg whites, marinara, grilled chicken breast, green chilies, red bell peppers & pico de gallo. 9.99
Served with salsa, whole wheat tortilla & black beans.

MACHO NACHO
2 eggs* any style atop fresh, seasoned potatoes with corn tortilla strips, beef barbacoa, green chilies, guacamole, black beans, jack & sharp cheddar cheese, Yersoron sauce, sour cream, pico de gallo, salsa & tortillas. 9.89

OLD PUEBLO
2 eggs* any style with onions, green chilies & melted cheese on fresh, seasoned potatoes. Topped with pico de gallo. 8.79
Served with flour or corn tortillas & salsa.

*Eggs are served any style. These items may contain raw or undercooked ingredients. Consuming raw or undercooked meats, poultry, seafood, shellfish, or eggs may increase your risk of foodborne illness.



CREPES



- APPLE CRUNCH BLINTZ**
2 crepes filled with roasted Fuji apples, brown sugar & cottage cheese. Topped with granola, walnuts, raisins, caramel yogurt, powdered sugar, whipped cream, cinnamon & nutmeg 7.29
- BERRY BREAKFAST BLINTZ**
2 crepes filled with mixed berries, raspberry Greek yogurt, cream cheese, cottage cheese, warm blueberry compote, whipped cream, powdered sugar, caramelized pecans, cinnamon & nutmeg 7.29

CREPE-EGGS

Hand-creaked crepes & egg whites served omelet style with a cup of fruit & an English muffin. Choose one of the options below:

LIGHT

Spinach, avocado, mushrooms, jack & sharp cheddar 8.49

SPICY

Marmalade, grilled chicken breast, quesadilla, green chilies, grilled onion, jalapeño, chili verde sauce, diced bacon & pico de gallo 9.79

SIDES



BREADS

- English muffin or toast 2
- Biscuit, honey & butter 3
- Wheat bialy & butter 3

MEAT

Bacon, all natural ham, sausage, turkey sausage, beef bartocho, corned beef hash, chorizo 4
Grilled chicken breast 4.59

FRUIT

Cup 2 Bowl 5

SIDE KICKS

2 Side Kick pancakes served with house maple syrup. Whipped butter upon request. Choice of buttermilk or whole wheat batter 5.59

MORE

Fresh, seasoned potatoes 3
Biscuits & gravy 4.99

Please let us know if you have any specific food allergies. We will do our best to oblige your special dietary concerns. Although we are not a gluten free environment, many of our ingredients are naturally gluten-free.

LUNCH

SANDWICHES



Served with lightly dressed organic field greens

CHICKEN SALAD/TUNA SALAD
Choice of grilled, sliced chicken breast salad or Albacore tuna salad, with red onion, lettuce & tomato on twelve-grain toast 8.29

TURKEY BIALY

Turkey breast, cucumber, red onion, lettuce & tomato on a toasted wheat bialy 8.29
Served with a side of our non-fat honey mustard dressing

BLTA

The classic BLT plus sliced avocado & mayo on whole wheat toast 8.29

CLUB

All natural ham, turkey bacon, lettuce, tomato, mayo & sliced havarti on three slices of toasted twelve-grain bread 8.99

TWO FOR YOU COMBO

Choose any half sandwich from below:

- Chicken or tuna salad
- BLTA
- Santa Fe Straw
- Our Reuben

In addition to your choice of:

- Lightly dressed organic field greens
- Cup of soup

5.99

FROM THE GRILL



SANTA FE STRAW

Shaved & grilled turkey breast, bacon, Simon olive slaw, green chilies & jalapeño jack on grilled sourdough 8.79
Spicy ancho chili dressing on the side

OUR REUBEN

Shaved corned beef on grilled rye with thousand island, sauerkraut & havarti 8.79

CALIFORNIA CHICKEN

Grilled chicken breast, lettuce, tomato, red onion, cucumbers & avocado on toasted twelve-grain bread 8.79
Buttermilk ranch on the side

SOUTHWEST SPECIALS



QUESADILLA

2 flour tortillas filled with marinated, grilled chicken, sharp cheddar & jack 7.99
Served with black beans, sour cream, lettuce, pico de gallo & salsa on the side

MEXI-CALI BURRO

Quesadilla, sautéed spinach, mushroom, onion, red bell pepper & green chilies in a whole wheat wrap. Topped with melted cheese, pico de gallo, sour cream & fresh cilantro 8.79
Served on black beans with Veracruz & salsa on the side. Add uncooked, grilled chicken for \$2.

SALADS & WRAPS



Make any salad a wrap

Dressings: Buttermilk ranch, poppy seed, thousand island, balsamic vinaigrette, ancho chili
Non-Fat Dressings: Honey mustard & raspberry walnut vinaigrette

SAN FRANCISCO SPINACH

Fresh spinach, sliced bacon, almonds, mushrooms, dried cranberries, 1 hard-boiled egg & Elia cheese crumbles 6.99
Served with poppy seed dressing

TUCSON TACO

Fresh romaine hearts, cabbage, carrot, pico de gallo, red bell pepper, black beans, sharp cheddar, avocado, corn tortilla strips, sour cream, cilantro & lime wedges 7.59
Served with ancho chili dressing, salsa & choice of flour or corn tortillas

MEDITERRANEAN

Organic field greens, romaine, feta, red bell pepper, cucumber, red onion, Kalamata olives & roasted tomatoes 6.99
Tossed with balsamic vinaigrette

WALDORF

Chicken, bacon, apple, avocado, raisins, red onion & walnuts on organic field greens & romaine with a sliced hard-boiled egg 7.99
Dressed with buttermilk ranch & raspberry walnut vinaigrette

Add soup to your lunch with the choice of 2 sizes
Cup 2 Bowl 4

BEVERAGES

PREMIUM ROASTED COFFEES

Dark roast, golden roast, or decaffeinated served in your own pot 2.6

SOFT DRINKS

Coca-Cola products 2.6
Free refills, free to-go cup upon request

NIGHTY LEAF HOT TEAS

Served w/lemon & Arizona honey 2.6

ICED TEAS

Traditional organic black or naturally caffeine-free fruit tea of the day 2.6

CHOCOLATE CARAMEL COCOA

Hot cocoa, whipped cream, chocolate & caramel drizzle 3

JUICES

Fresh orange, grapefruit, cranberry, vegetable & apple
Small 3 Large 6

MILK

Keep it simple or add chocolate
Small 2 Large 4

LEMONADE

Old-fashioned cane sugar lemonade 3
1 free refill
Add fresh strawberries for \$3.00



WE SOURCE LOCALLY & REGIONALLY AS MUCH AS POSSIBLE.

We are committed to using only the freshest, most natural and often organic ingredients of the highest quality.



FREE WIFI

Source: <http://thegoodeggaz/>