



### THE MARKET

The SUBWAY restaurant chain is the undisputed leader in the submarine sandwich category, serving fresh, great-tasting, made-to-order sandwiches and salads, many of which have six grams of fat or less. Offering a healthful alternative to traditionally fatty fast food has made the SUBWAY chain a popular destination for health-conscious consumers. That message is further promoted in the United States and Canada by advertising that features the weight-loss success of Jared Fogle, an American college student who lost 245 pounds by including SUBWAY sandwiches in a diet and exercise program of his own design.

### ACHIEVEMENTS

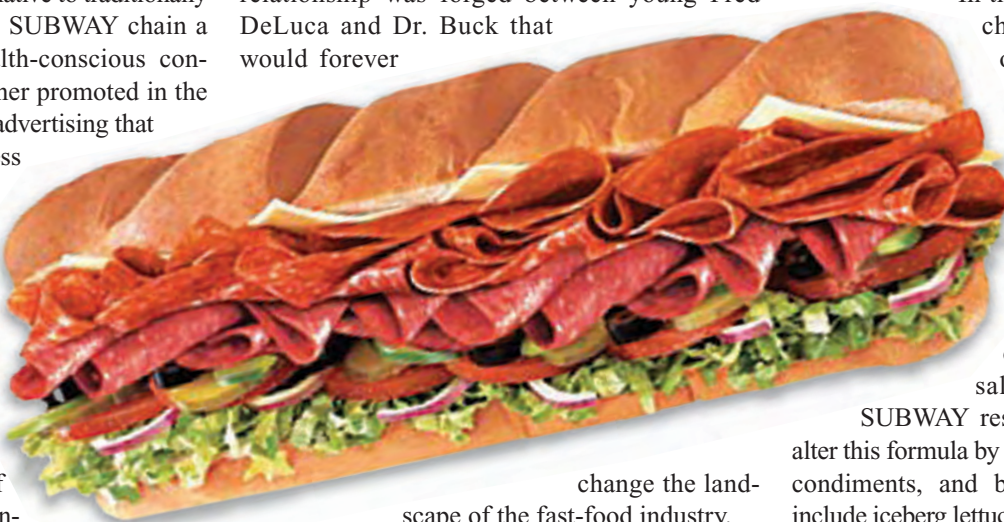
The SUBWAY chain consistently ranks at the top of *Entrepreneur* magazine's Franchise 500 rankings. Besides being number one for the Submarine Sandwich Category, the SUBWAY chain has received the distinction of being the number-one Franchise Opportunity for 15 of the past 21 years.

### HISTORY

In the summer of 1965, Fred DeLuca was concerned about the future. Having just graduated from high school, he turned his thoughts toward higher education, but for him at the time, the possibility of a college education seemed as far-flung as the prospect of a man walking on the moon.

The DeLuca family's phone rang on a hot summer day in Bridgeport, Connecticut. Dr. Peter Buck, a family friend, called to announce that he had changed jobs and was moving his family to

Armonk, New York, only 40 miles away. The families had not seen each other for a year, and plans were quickly made for a reunion. On a fateful Sunday afternoon in July 1965, during a barbecue at the Bucks' new home, a business relationship was forged between young Fred DeLuca and Dr. Buck that would forever



change the landscape of the fast-food industry.

Without the money to pay for college, Fred thought that perhaps he could ask Pete for some advice. He half expected Dr. Buck to offer to loan him the money. After all, they had known each other for years and when Pete would learn how badly Fred had wanted to go to college, to study to become a medical doctor, there might be a good chance that he would offer to help.

"I think you should open a submarine sandwich shop," said Buck.

*What? What an odd thing to say to a seventeen-year-old kid,* thought Fred. Before Fred could respond or express his surprise, he heard himself say, "How does it work?"

Pete explained the submarine sandwich business. He said that all one had to do was to rent a small store, build a counter, buy some food, and open for business. Customers would come in, put money on the counter, and Fred would have enough to pay for college. To Pete, it was just as simple as that, and if young Fred was willing to do it, Pete was willing to be his partner.

As the DeLucas were getting ready to leave, Dr. Buck pulled out his checkbook and wrote a check for \$1,000. That was his investment in their new venture. On the drive back home, little did Fred know that if he succeeded at opening a submarine sandwich shop, he would accomplish more than funding his education. Success would mean financial

independence and everything that comes with it, not just for him, but for many other people around the world. Success would mean adventure and excitement on a nonstop roller-coaster ride that would eventually be called SUBWAY Restaurants.

In the year 2009, the SUBWAY chain entered its 44th year of operation. The SUBWAY chain — through its franchising model — operates more units in the United States, Canada, and Australia than does McDonald's.

### THE PRODUCT

The following are the standard formulas for sandwiches, salads, and wraps served at SUBWAY restaurants. The customer can alter this formula by choosing different vegetables, condiments, and breads. Standard vegetables include iceberg lettuce, tomatoes, red onions, green peppers, olives, and pickles.

**Sandwiches with six grams of fat or less** (made on a choice of Italian or wheat bread):

- **Ham:** Sliced ham or black forest ham and standard vegetables.
- **Oven-Roasted Chicken Breast:** Boneless roasted chicken breast patty and standard vegetables. Roast Beef: Sliced roast beef and standard vegetables.



- **SUBWAY Club:** Sliced turkey breast, roast beef, ham, and standard vegetables.
- **Sweet Onion Chicken Teriyaki:** Teriyaki-glazed chicken strips, lettuce, tomatoes, red onions, green peppers, olives, and sweet onion sauce.
- **Turkey Breast:** Sliced turkey breast and standard vegetables.
- **Turkey Breast and Ham:** Sliced turkey breast, ham, and standard vegetables.
- **Veggie Delite:** Standard vegetables.







The SUBWAY brand has been committed to making its restaurants and operations more environmentally friendly.

The SUBWAY restaurant chain has announced its participation in the ENERGY STAR Change a Light, Change the World campaign. On October 1, 2008, in each of the approximately 22,000 SUBWAY restaurants in the United States, an incandescent lightbulb was replaced with one Philips energy-efficient, compact fluorescent light (CFL) bulb. By partnering with Philips Lighting Company and Specialty Lighting to participate in the Change a Light, Change the World campaign, the SUBWAY restaurant chain is trying to encourage Americans to help change the world, one light — one energy-saving step — at a time.

By changing just one bulb, each restaurant will reduce its annual energy consumption by 87.6 Kilowatt hours. Together, however, U.S. SUBWAY restaurants will save almost 2 million Kilowatt hours, the equivalent of almost 3 million pounds of greenhouse gasses, or removing more than 275 cars from the road for one year.

*Other sandwiches (made on a choice of Italian or wheat bread):*

- **Chicken & Bacon Ranch:** Chicken breast strips, melted Monterey cheddar cheese blend, bacon, ranch dressing, and standard vegetables.
- **Cold Cut Combo:** Turkey bologna, turkey ham, turkey salami, cheese, and standard vegetables.
- **Italian BMT:** Genoa salami, pepperoni, ham, cheese, and standard vegetables.
- **Meatball Marinara:** Hot meatballs in marinara sauce, cheese, and standard vegetables.
- **Spicy Italian:** Genoa salami, pepperoni, and standard vegetables.
- **Steak and Cheese:** Hot steak, grilled onions and peppers, melted cheese, and standard vegetables.
- **Tuna:** Tuna salad made with mayonnaise, cheese, and standard vegetables.
- **SUBWAY Melt:** Sliced turkey breast, ham, bacon, melted cheese, and standard vegetables.

**SUBWAY salads:** Any sandwich can be made into a salad with chopped lettuce, red onions, tomatoes, cucumbers, green bell peppers, carrots, and olives.

SUBWAY also offers limited-time sandwiches. In 2009, two examples of these selections were the **Steak & Bacon Melt** — piled high with steak, crispy bacon, peppers, onions, melted



cheese, and choice of veggies on flatbread — and **Chicken Florentine**, filled with tender, juicy chicken, olives, tomatoes, Tuscan spices, and melted cheese, topped off with a creamy spinach artichoke spread.

#### RECENT DEVELOPMENTS

In 2009, Jared Fogle celebrated 10 years of success losing and keeping off 245 pounds. His focus now is on looking ahead and focusing his attention on a new three-point plan for childhood obesity prevention. Jared's plans call for 200-plus days of travel in 2009, speaking at high-profile events and local schools to share the details of his plan and encourage participation by parents, schools, and other organizations. The Jared Foundation was founded in 2004 and expands in 2009 with a goal of putting \$2 million toward his obesity prevention plan.

New York Giants defensive end Michael Strahan is partnering with Fogle and the Jared Foundation to spread the word about the dangers of childhood obesity. As an honorary board member, Strahan will help generate awareness and funds to help tackle childhood obesity.

#### PROMOTION

The SUBWAY chain is involved with many civic, educational, and charitable organizations, such as the American Heart Association, the American Red Cross, Habitat for Humanity, Junior Achievement, March of Dimes, and the United Way. On a local basis, SUBWAY franchisees are involved with many schools and religious or community organizations. For more specific information regarding a specific town or state, inquire at a neighborhood SUBWAY restaurant.

SUBWAY is proud to be a national sponsor of the American Heart Association's Start! Movement, Jump Rope For Heart, and Hoops For Heart. Coronary heart disease is the number-one killer in the United States; stroke is number three on the list and a leading cause of serious disability. Every year about 870,000 Americans die from cardiovascular diseases and stroke — about 36 percent of all deaths. These diseases may remain critical problems in the future because of poor lifestyle habits among American adults and children. SUBWAY's goal is to reverse these trends through promoting healthy eating and exercise.

#### BRAND VALUES

Doctor's Associates Inc. (DAI), the franchisor of the SUBWAY restaurant chain, is an affirmative-action, equal-opportunity employer. DAI is committed to taking positive steps toward increasing the representation of women and minorities in business and the workforce in general. In addition, the members of the SUBWAY restaurant chain take great pride in the knowledge and understanding that the organization and the individuals within it are against any type of discrimination against employees on the basis of race, sex, sexual orientation, gender identity, creed, religion, color, or national origin.

SUBWAY restaurants have made a commitment to only purchase produce from suppliers that are SAFE-certified. SAFE (Socially Accountable Farm Employers) was formed in 2005 by the Redlands Christian Migrant Association and the Florida Fruit & Vegetable Association. It is a nonprofit organization that provides transparent and independent auditing and certification of farm labor practices in the agriculture industry. Producers who earn the SAFE seal have demonstrated that they foster a work environment for their employees that is free of intimidation, violence, and harassment, and which minimizes workplace hazards.



Growers that are SAFE-certified comply with the strict standards outlined in the organization's Farm Labor Employer Code of Conduct. The code covers general employment practices and specific issues such as forced labor, child labor, discrimination, wages and benefits, employment records, workplace safety, and housing.

#### THINGS YOU DIDN'T KNOW ABOUT SUBWAY

- The number and location of SUBWAY restaurants are updated daily on the SUBWAY website. When this piece was being written, there were 30,715 restaurants in 88 countries.
- When the company was founded, Dr. Peter Buck, cofounder, was a scientist with a doctoral degree, and Fred DeLuca had aspirations of becoming a medical doctor. Hence the name Doctor's Associates.
- More than 2 million different sandwich combinations are available on the SUBWAY menu.
- In the United States, SUBWAY serves nearly 2,800 sandwiches and salads every 60 seconds.