

Dear Tim,

Thank you so much for your feedback on our new Subway Card trial program. I would like to address your concerns by explaining the rationale behind the point redemption system.

Our previous paper and stamp Sub Club® Card program was based on how many sandwiches were purchased. Purchasing a 6-inch sub or salad entitled our customers to 1 stamp; a footlong purchase entitled them to 2 stamps. After a customer accumulated 8 stamps they were entitled to a free 6-inch sub as long as the customer purchased a 21-oz. fountain drink when they redeemed the card. Two completed cards and the purchase of one 21-oz. fountain beverage would entitle our customers to one free footlong sub.

Since stamps were only given out for 6-inch subs, footlong subs and salads it took our customers an average of 8 purchases at an average cost of \$6.50 each to earn their reward. However, this was only for the sub or salad. Your deli, chips, drink, cookies and Giant Subs and Sandwich Platters were not included.

In creating a replacement program, we felt that all of our customers needed to be rewarded for every item they purchased.

Now, instead of getting stamps for just your sandwich and salad purchases, the new Subway Card allows you to earn points for every item purchased. Almost everyone who purchases a sandwich buys other items at the same time. Currently over 75% of sandwiches sold are part of a Fresh Value Meal®, which includes a bag of chips and a drink. Kids Pak® meals, Giant Subs and Sandwich Platters and Deli sandwiches gain points now as well as individual chips, drinks and cookies. At first glance it may seem as though one must make many visits to their local Subway Restaurant to earn a reward. However, when you take into account the fact that points are earned across all standard menu items and you add up the total dollars spent on each visit, it still only takes about 8 visits to gain enough points to receive a free sandwich.

In creating the guidelines for this program, we responded to consumer requests by making virtually all food items have point values, we eliminated the need to purchase a drink to redeem for a free sandwich, and we expanded the variety of reward possibilities. I hope that this helps explain a little more about the point system.

Once again, we truly appreciate your comments. The Subway Card Program is a new program that is still in the trial phase and your comments will be used to help us analyze the program and adjust it accordingly to meet the needs of our customers.

The new Subway Card Program was designed and implemented to better serve our guests. We fully realize that consumers have virtually limitless options in today's Quick Service Restaurant marketplace and it is through consumer interaction and feedback that we continue to improve our business. We will continue to strive to make your experiences in any one of our Subway Restaurants a great one.

Sincerely,
Subway Restaurant Global Headquarters
Customer Care Team