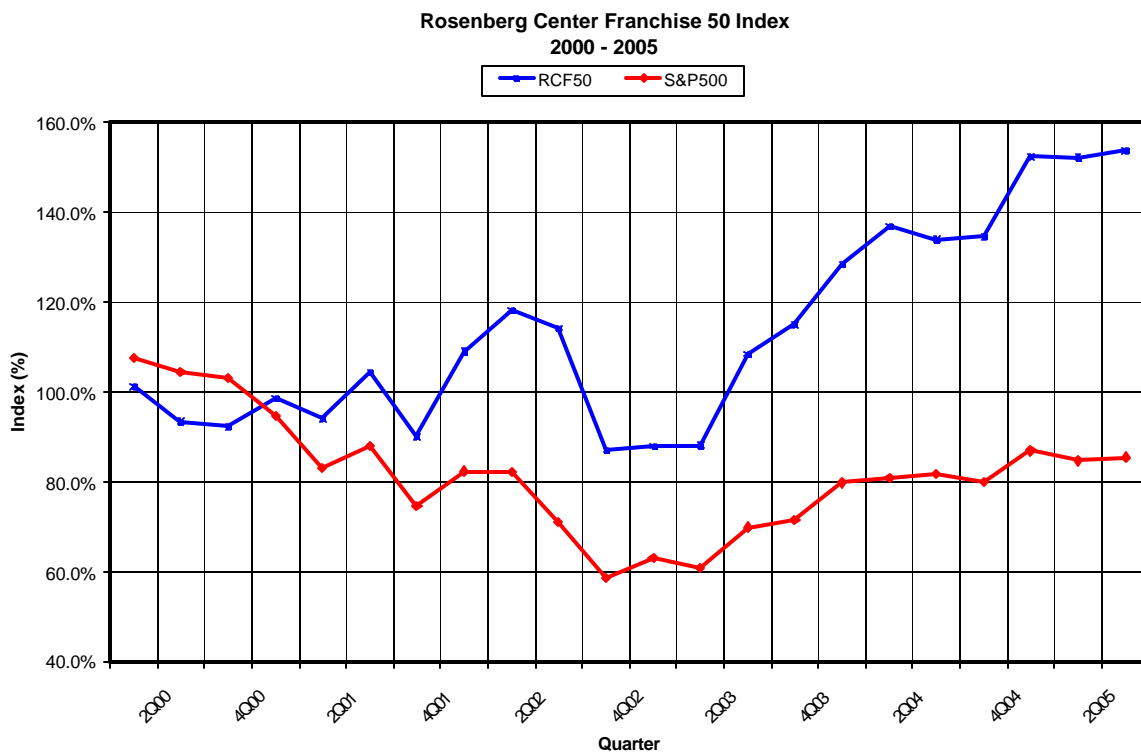


THE ROSENBERG CENTER FRANCHISE 50 INDEX UP 0.9 PERCENT IN 2nd QUARTER 2005 DESPITE McDONALD'S TUMBLE

The Rosenberg Center Franchise 50 more than made up its 0.1 percent 1st quarter 2005 drop as it gained 0.9 percent in the 2nd quarter 2005. The S&P was up 0.9 percent (see Table below), while the Dow Jones Industrials Average was down 2.2 percent, and the Nasdaq surged 2.9 percent this quarter.

Total Returns: RCF 50 Index vs. S&P 500 Index

Period	Rosenberg Center Franchise 50 Index	S&P 500 Index
2 nd Quarter 2005	+0.9%	+0.9%
Year-to-Date 2005	+0.9%	-1.7%
2000-2005	+53.7%	-14.6%



Of the 50 components comprising the RCF50 Index, 30 were up while 20 were down this quarter. 7-Eleven (SE) led the winners this quarter with a 26 percent jump, followed by Wendy's International (WEN) (25.5 percent), and Aaron's Rents Inc (RNT) (24.5 percent). Buffalo Wild Wings (BWLD) (-17.5 percent), Spherion Corp (SFN) (-11.2 percent), and McDonald's (MCD) (-10.9 percent) were the biggest losers this quarter.

The stock price of **7-Eleven**(SE), the world's largest convenience store, jumped 26 percent this quarter after it reported its best financial results in over a decade. The company's higher profits, total sales and same store sales were fueled by strong gasoline sales, and new and improved coffee, sandwiches, and other offerings. Among its new offerings were a new flavor of its signature icy treat Slurpee branded SpongeBob SquarePants, and Stir Crazy, a frozen dessert. In June, 7-Eleven launched a month-long celebration of the Slurpee's 40th anniversary, with the introduction of several new flavors and the awards of prizes and promotions. 7-Eleven owns or franchises about 5,800 stores in the United States and Canada, and licenses roughly 22,300 stores overseas.

Wendy's International (WEN), the third largest hamburger chain in the United States, was the second best performer this quarter as its share price rose 25.5 percent. Wendy's recovered from a steep decline during the first quarter after a customer claimed that she had found a human finger in a bowl of chili bought in a San Jose, Calif. Wendy's restaurant. The claim was found to be a hoax and sales at Wendy's started recovering. Wendy's tried to accelerate the recovery by launching a new marketing effort, and by giving away Junior Frostys for free. In June, the share price of Wendy's jumped further and reached an all time high following speculation that some investors were planning a takeover of the company.

Buffalo Wild Wings (BWLD), the owner, operator and franchisor of restaurants featuring chicken wings, chicken tenders, hamburgers, sandwiches, and other fast food products, dropped 13 percent on April 27 after reporting disappointing quarterly results. Total sales grew less than expected with same store sales at its franchised units growing only 3.2 percent. The company also provided projections for the rest of the year that were not as strong as investors expected. This triggered an analyst downgrade of the stock and caused a sell-off of the company's shares. The company announced some positive news this quarter with the planned opening of 36 new restaurants in the New York metro area, 11 in Florida, and more units in Alabama, Mississippi, and California. Buffalo Wild Wings finished the quarter 17.5 percent down, leading the losers of the RCF 50 Index.

In April, **Spherion Corporation** (SFN), a provider of staffing, recruiting, and workforce solutions in North America, announced a string of bad news, including a \$1.2 million loss, job cuts, loss of an important customer contract, and reduced profit projections due to a decline in demand for its services. Despite announcing a buyback of 10 percent of its outstanding shares, Spherion lost 11.2 percent of its market value by the end of the quarter, making it the second worst performer of the RCF 50 Index this quarter.

McDonald's (MCD), the largest component of the RCF 50 Index with almost 20 percent of its market capitalization, was the third worst performer of the index this quarter, losing 10.9 percent of its market value. In June, McDonald's reported worldwide same-store sales growth of only 1.8 percent, significantly lower than previous months' results. Continued weakness in its European operations (1.4 percent drop in same store sales), particularly in its two largest European markets (Germany and the United Kingdom), was negatively received by investors. This led the company to announce the replacement of its McDonald's Europe division. Despite this quarter's lackluster overall sales results, the fruit-and-walnut premium salad launched by McDonald's in April this year was a big hit in the United States, helping to boost U.S. sales at stores open longer than a year 4.2 percent in May.

The RCF 50 Index is up 0.9 percent over the first half of the year 2005. It is up 53.7 percent since January 2000, while the S&P 500 is down 14.6 percent over the same period.

Note:

1. The Rosenberg Center Franchise 50 Index, developed by the University of New Hampshire's William Rosenberg International Center for Franchising, is an index that tracks the market performance of the top 50 US public franchisors. These 50 franchisors represent over 98 percent of the market capitalization of all US public companies engaged in business format franchising. For more information on the RCF 50 Index, contact Dr. E. Hachemi Aliouche (Hachemi.Aliouche@unh.edu) or Dr. Udo Schlenrich (Udo.Schlenrich@unh.edu). For more information on the William Rosenberg International Center of Franchising, visit the Center's web site at <http://franchising.unh.edu>.