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Choice Hotels Takes Top Spot In UNH Rosenberg Franchise 50 Index For Q2 2006

Index Down 1.5 Percent Amid Broad Market Decline

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EDITORS AND REPORTERS: Director Udo Schlentrich and senior research fellow Hachemi Aliouche of The William Rosenberg International Center of Franchising at the University of New Hampshire are available to discuss the Franchise 50 Index™ Q2 report. Udo Schlentrich can be reached at 603-862-0137 or udo.schlentrich@unh.edu. Hachemi Aliouche can be reached at 603-862-6455 or hachemi.aliouche@unh.edu.

DURHAM, N.H. -- Choice Hotels was the big winner in the Rosenberg Center Franchise 50 Index™ for the second quarter of 2006, after reporting record financial and operating results, while Ruby Tuesday was in the unenviable top loser spot following a 25 percent loss in market value this quarter.

The University of New Hampshire Rosenberg Center Franchise 50 Index™ dropped 1.5 percent this quarter amid a broad stock market decline with the S&P 500 Index shedding 1.9 percent of its value and the Nasdaq Composite Index plummeting 7.2 percent. Thirty-six of the 50 companies comprising the Franchise 50 Index™ lost market value this quarter.

The index is up 1.9 percent year-to-date through the end of June 2006. It is up 57.7 percent since January 2000.

Choice Hotel International (CHH) is a worldwide hotel franchisor with properties that include Comfort Inn, Comfort Suites, Quality Inn, Sleep Inn, Clarion Inn, Econo Lodge, Rodeway Inn, MainStay Suites, Suburban Extended Stay Hotel, Cambria Suites and Flag Hotels. This quarter, Choice Hotel International led the winners, with a 32.7 percent jump in its share price, with Gymboree Play and Music (+31.3 percent) a close second.

“Choice Hotel International reported record financial and operating results for the first calendar quarter 2006. Net income jumped 47 percent, revenues increased 20 percent, and domestic systemwide revenue per available room were up 9.4 percent over the prior year. Also, franchising revenues increased 22 percent the first quarter 2006, and year-to-date new hotel franchise contracts were up 17 percent,” according to the report. “In addition, Choice Hotels International reported that momentum continued to build for Cambria Suites, the new all-suites, select service, upscale brand they launched in January 2005.”

Ruby Tuesday (RI) was the biggest loser this quarter with a 25 percent drop in its share price, followed by Denny’s Corp. (-22.3 percent). The bad news for Ruby Tuesday comes
despite reporting decent financial and operating results for the 3rd fiscal quarter 2006 (which ended February 2006), confirming their upcoming 4th fiscal quarter earnings growth projections, and reporting positive growth in same-restaurant sales.

“This may be mainly due to investors turning bearish on Ruby Tuesday, and on casual dining restaurants in general, because of reported slowing customer traffic leading to softening sales. The decline in traffic is perceived to be caused by high-energy prices, interest rates, and credit card payments. Ruby Tuesday also announced this quarter a further expansion into the Middle East, with the setting up of a franchise in Dubai,” according to the report.

The Rosenberg Center Franchise 50 Index™, developed by The William Rosenberg International Center of Franchising at the University of New Hampshire Whittemore School of Business and Economics, is an index that tracks the market performance of the top 50 U.S. public franchisors. These 50 franchisors represent more than 98 percent of the market capitalization of all U.S. public companies engaged in business format franchising.

The full Rosenberg Center Franchise 50 Index™ second-quarter report is available at http://www.unh.edu/news/docs/F50Q206.pdf. For more information on The William Rosenberg International Center of Franchising or the Index, please visit the center’s Web site at http://franchising.unh.edu.