

PRESIDENT'S LETTER

I am very pleased to present you with the Executive Summary of *Volume 2 of the Economic Impact of Franchised Businesses*. This report, which was prepared by PricewaterhouseCoopers, documents the important role the franchising industry continues to play in the U.S. economy.

In February of 2004, the International Franchise Association Educational Foundation released *Volume 1* of the report which documented the economic impact of franchising for the year 2001. This unprecedented study illustrated the enormous role franchising plays in the U.S. economy. *Volume 2* updates the results of that study for the year 2005.

In 2005, more than 900,000 franchised establishments generated over \$880 billion of direct economic output, or over 4.4 percent of the private sector economy in the United States. The franchising industry provided jobs for more than 11 million American workers, or just over 8 percent of all U.S. private sector employment. Including the additional economic activity that occurs outside of franchised businesses because of franchising activities, the overall economic contribution of franchised businesses was \$2.3 trillion in 2005, or 11 percent of the U.S. economy. These economic activities provided more than 20 million jobs for American workers, over 15 percent of all U.S. private sector employment.

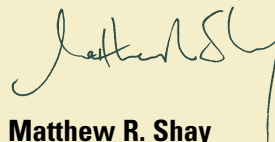
From 2001 to 2005, the franchising sector of the economy grew at a faster pace than many other sectors of the economy. Franchising now provides more jobs than many other sectors of the U.S. economy. For example, franchising provides more jobs than the durable goods manufacturing sector or the financial activities sector of the economy.

The franchising sector expanded by over 18 percent from 2001 to 2005, adding more than 140,000 new establishments, and creating more than 1.2 million new jobs. Direct economic output increased by more than 40 percent from 2001 to 2005, from \$624.6 billion to \$880.9 billion. Including the impact of additional economic activity that occurs outside of franchised businesses because of franchising activities, the franchising industry added nearly 3 million jobs and over \$780 billion of economic output to the U.S. economy.

As you can see in this booklet, in every line of business, and in every state, franchising is a major source of jobs and a critical engine of economic growth. Much more detailed information can be found in the full 600-plus page report, published on the IFA website at www.franchise.org.

The International Franchise Association is proud to represent the thousands of franchisors, franchisees, and suppliers that make up the franchising industry, and that every day are providing the products and services to millions of our loyal customers — from around the corner to around the world.

Sincerely,



Matthew R. Shay

President // International Franchise Association



MATTHEW R. SHAY