

**STATEMENT OF JON L. LUTHER, CEO OF DUNKIN' BRANDS, INC  
BEFORE THE COMMITTEE ON FINANCIAL SERVICES  
OF THE HOUSE OF REPRESENTATIVES, MAY 16, 2007**

Chairman Frank and Members of the Committee, my name is Jon L. Luther. I am chairman and chief executive officer of Dunkin' Brands, the parent company of Dunkin' Donuts, Baskin-Robbins, and Togo's. I appreciate this opportunity to share with you Dunkin' Brands' experience with private equity ownership.

Our talented team of executives and employees—together with our thousands of franchisees and licensees, predominantly small businesspeople—has built a \$6.4 billion enterprise operating in 47 U.S. states and 50 countries. Thanks to their effort and commitment, our brands are known and loved by consumers around the world.

When I joined Dunkin' Brands in January 2003, we were owned by Allied Domecq, a publicly traded spirits and wine company headquartered in the U.K. In November 2005, Allied Domecq was acquired by Pernod Ricard, a spirits and wine company based in France. Shortly thereafter, because Dunkin' Brands was not a core asset, Pernod put our company up for auction. In March 2006, we were acquired by a consortium of three U.S.-based private equity firms: The Carlyle Group, Bain Capital Partners LLC, and Thomas H. Lee Partners, L.P.

During the period in which we were an Allied Domecq subsidiary, we were considered a "cash cow." We were assigned yearly growth targets. We were usually last in line for attention and certainly for capital. Significant decisions required that I go to London. Our cash was swept every night and the focus was usually on the next quarter's numbers.

Our acquisition by Carlyle, Bain and Thomas H. Lee liberated our company. Our new owners expressed confidence in our management team, our strategies, and our vision. Our three key goals are to take Dunkin' Donuts national, transform Baskin-Robbins, and expand internationally. Rather than tell us to change our goals and our plans to achieve them, our new owners asked how they could support us. Finally, we had the attention and the resources we needed to realize our goals.

The benefits of our new ownership to our company have been enormous. Their financial expertise led to a ground-breaking securitization deal that resulted in very favorable financing at favorable interest rates. This has enabled us to make significant investments in our infrastructure and our growth initiatives. In addition, they have helped us to create a new franchisee financing program that will provide flexible, convenient and competitive financing options to franchisees of every size in all markets.

They have opened the door to opportunities that were previously beyond our reach. For example, they introduced us to a real estate development firm that is assisting our Baskin-Robbins franchisees in finding attractive real estate opportunities. Initial results have been so successful that we are now looking at using their services to support our Dunkin' Donuts development.

Our acquisition and the expansion plan for which we now have the resources have put us in the national spotlight. Countless news stories about us have caused us to be sought out by many potential employees and franchisees.

As a result, our franchising efforts, the engine of our growth, have taken off. We are a 100%-franchised enterprise. Every Dunkin' Donuts and Baskin-Robbins store that opens represents the achievement of a dream for an entrepreneur somewhere. A new Dunkin' Donuts means approximately 25 new jobs, and a new Baskin-Robbins approximately 12 jobs.

Over the next fifteen years, we would expect to add 250,000 jobs--jobs for young people, and jobs with good career paths in restaurant management, making possible for thousands the achievement of the American dream.

Our new owners have never asked us to cut costs or reduce our headcount. Any reductions in staffing that we've had over the past four years have been a result of our efforts to be more productive and less bureaucratic. This year, we also expect to divest of Togo's, our California sandwich chain, which generates approximately \$200 million in annual revenues.

This decision, which our management team had considered prior to our being put up for auction, was finally made last summer. The decision was a function of Togo's size relative to our entire organization, and our inability to give it the kind of attention it required versus our two, much larger brands.

Recently, I was asked by a *Boston Globe* columnist whether Dunkin' Brands would follow the path of many companies and move to a location where the costs of doing business would be lower. I was pleased to say that Massachusetts is our home. We're not going anywhere.

We believe in strong community roots. Last year, together with our franchisees, we established our Dunkin' Brands Community Foundation. The mission of our Foundation is to support those who serve our communities, especially in times of crisis. This mission is true to our brand heritage, and the values of our entire system: employees, franchisees, and our customers.

As a result of our relationship with Carlyle, Bain and Thomas H. Lee, our business has benefited, our franchisees and their employees have benefited, and wealth-creating opportunity has been spread among hundreds of entrepreneurs and careerists associated with Dunkin' Brands.

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