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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 25, 2010

**TIM HORTONS INC.**

(Exact name of registrant as specified in its charter)

**Canada**  
(State or other jurisdiction of incorporation)

**001-32843**  
(Commission File Number)

**98-0641955**  
(IRS Employer Identification No.)

**874 Sinclair Road, Oakville, ON, Canada**  
(Address of principal executive offices)

**L6K 2Y1**  
(Zip Code)

**(905) 845-6511**  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.01 Entry into a Material Definitive Agreement**

The information provided in Item 2.03 of this Form 8-K is incorporated by reference into this Item 1.01.

### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement**

On December 1, 2010, Tim Hortons Inc. (the “Corporation”) completed its previously announced Canadian private placement transaction, a reopening of its senior unsecured 7-year notes, for net proceeds of approximately \$102 million (net of agent commissions), which was priced at \$102.273 per \$100 to yield 3.802%, or 104 basis points over the Canadian government benchmark. RBC Dominion Securities Inc., Scotia Capital Inc., J.P. Morgan Securities Canada Inc., TD Securities Inc., CIBC World Markets Inc., and BMO Nesbitt Burns Inc. acted as agents in the sale of the 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017 (the “Reopening Notes”), in reliance upon exemptions from the prospectus requirements under applicable Canadian securities legislation. The Reopening Notes were issued pursuant to a Trust Indenture dated June 1, 2010 (the “Master Trust Indenture”) between the Corporation and BNY Trust Company of Canada, as trustee (the “Trustee”), as supplemented by a First Supplemental Trust Indenture dated June 1, 2010 between the Corporation and the Trustee (the “Supplemental Indenture”), and a First (Reopening) Supplemental Trust Indenture dated December 1, 2010 (the “First (Reopening) Supplemental Indenture” and, together with the Supplemental Indenture and the Master Trust Indenture, the “Indenture”). The net proceeds will be used primarily to refinance the remaining portion of the existing term indebtedness under the Corporation’s senior bank facility, and for general corporate purposes.

The Reopening Notes will be senior unsecured obligations of the Corporation and are initially guaranteed by the Corporation’s wholly-owned subsidiary, The TDL Group Corp. (“TDL”), subject to subsequent release and/or replacement under the terms of the Indenture. As such, TDL executed a Supplement to Guarantee dated December 1, 2010, confirming that the Reopening Notes are subject to the guarantee from TDL to the same extent as the initial \$200 million of 4.20% Senior Unsecured Notes, Series 1, issued June 1, 2010 (the “Initial Series 1 Notes” and, together with the Reopening Notes, the “Notes”).

The Corporation may, at its option, redeem the Reopening Notes, in whole or in part, at any time, upon not less than 30 days’ and not more than 60 days’ notice, at a redemption price provided for in the Indenture, together with accrued and unpaid interest, if any, to the date fixed for redemption.

For certain change of control transactions, the Corporation (or identified third party) must offer to repurchase the Reopening Notes at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Reopening Notes constitute a further issuance of, and will form a single series with, the Issuer’s Initial Series 1 Notes. With the issuance of the Reopening Notes, the total principal amount outstanding of 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017 is \$300 million. The Notes provide for interest to be paid at 4.20% per annum, payable in cash in equal semi-annual instalments, in arrears, on June 1 and December 1 in each year until maturity. In connection with the Reopening Notes, the first interest payment is due June 1, 2011.

The Reopening Notes have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”) or any other state securities laws and were not and may not hereafter be offered, sold or delivered within the United States of America absent registration or an

applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

A copy of the First (Reopening) Supplemental Indenture (including the form of Reopening Note) is attached hereto as Exhibit 4.1, and is incorporated by reference to this Item 2.03. The information provided in this Item 2.03 is qualified in its entirety by reference to the full text of the First (Reopening) Supplemental Indenture contained in Exhibit 4.1, and by Item 2.03 of the Corporation's Form 8-K filed June 1, 2010, which is incorporated by reference into this Item 2.03.

**Item 8.01 Other Events**

On November 25, 2010, the Corporation issued a press release announcing the reopening of its existing 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017, for offer, sale and distribution exclusively in Canada. The full text of the Corporation's press release is attached hereto as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

Exhibit 4.1 First (Reopening) Supplemental Trust Indenture, dated December 1, 2010, by and between the Corporation and BNY Trust Company of Canada, as trustee.

Exhibit 4.2 Supplement to Guarantee, dated December 1, 2010, from The TDL Group Corp.

Exhibit 99.1 Press release issued by the Corporation dated November 25, 2010.

Exhibit 99.2 Safe Harbor Statement.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIM HORTONS INC.

Date: December 1, 2010

By: /s/ JILL E. AEBKER

Jill E. Aebker

Deputy General Counsel and Secretary

**TIM HORTONS INC.**

and

**BNY TRUST COMPANY OF CANADA**

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**FIRST (REOPENING) SUPPLEMENTAL TRUST INDENTURE**

**Dated as of December 1, 2010**

Supplementing the Trust Indenture dated as of June 1, 2010, as supplemented by the First Supplemental Trust Indenture dated as of June 1, 2010, between Tim Hortons Inc. and BNY Trust Company of Canada

and

providing for the issue of additional  
4.20% Senior Unsecured Notes, Series 1, due June 1, 2017  
in the aggregate principal amount of Cdn.\$100,000,000

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THIS FIRST (REOPENING) SUPPLEMENTAL TRUST INDENTURE dated as of December 1, 2010

**BETWEEN:**

**TIM HORTONS INC.**, a corporation incorporated under the laws of Canada (the “**Issuer**”)

- and -

**BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada (the “**Trustee**”)

**RECITALS:**

- A. The Issuer and the Trustee have entered into a trust indenture dated as of June 1, 2010 (the “**Base Indenture**”).
- B. Pursuant to Section 2.2 and Section 14.1 of the Base Indenture, the Issuer may issue one or more series of senior unsecured notes containing such terms, provisions and conditions as may be set forth in a Supplemental Indenture pertaining to the notes of such series.
- C. By a supplemental indenture to the Base Indenture (the “**First Supplemental Indenture**”) between the Issuer and the Trustee dated as of June 1, 2010, a series of senior unsecured notes (the “**Series 1 Notes**”) was created, on the terms and with the characteristics provided for in the First Supplemental Indenture.
- D. The Issuer wishes to issue additional Series 1 Notes in the aggregate principal amount of Cdn.\$100,000,000 and, for that purpose, to enter into this supplemental indenture (the “**Reopening Supplemental Indenture**”) to the Base Indenture as supplemented by the First Supplemental Indenture (the Base Indenture, as supplemented by the First Supplemental Indenture and the Reopening Supplemental Indenture, the “**Trust Indenture**”).
- E. This Reopening Supplemental Indenture is entered into for the purpose of providing for the issue of additional 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017, in the aggregate principal amount of Cdn.\$100,000,000 pursuant to the Base Indenture, as supplemented by the First Supplemental Indenture, and establishing the terms, provisions and conditions of the Series 1 Notes to be issued under this Reopening Supplemental Indenture.

NOW THEREFORE THIS REOPENING SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions

All capitalized terms used and not otherwise defined in this Reopening Supplemental Indenture shall have the meanings ascribed thereto in the Base Indenture, as such meanings may be amended by this Reopening Supplemental Indenture. The interpretation provisions specified in Article 1 of the Base Indenture apply to this Reopening Supplemental Indenture unless otherwise required by the context hereof. When entered into by the parties, this Reopening Supplemental Indenture shall be supplemental to, part of and read together with the Base Indenture, as supplemented by the First Supplemental Indenture, as a single instrument, and all of the provisions of the Base Indenture, as supplemented by this Reopening Supplemental Indenture, shall apply to the Notes (as defined below). In the event of any inconsistency between the terms in the Base Indenture, as supplemented by the First Supplemental Indenture, and this Reopening Supplemental Indenture, the terms in this Reopening Supplemental Indenture shall prevail.

In this Reopening Supplemental Indenture, except as otherwise defined herein or unless the context otherwise requires, the term “Notes” means the 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017 issued under this Reopening Supplemental Indenture and the term “Global Note” means the Interim Global Certificate (as defined below) or the Permanent Global Certificate (as defined below), as the case may be.

### Section 1.2 Reopening Supplemental Indenture

The terms “this Reopening Supplemental Indenture”, “this indenture”, “herein”, “hereof”, “hereby”, “hereunder”, and similar expressions, unless the context otherwise specifies or requires, refer to the Base Indenture and the First Supplemental Indenture, as amended and supplemented by this Reopening Supplemental Indenture and not to any particular Article, section, subsection or clause or other portion thereof, and include every instrument supplemental or ancillary to this Reopening Supplemental Indenture. This Reopening Supplemental Indenture is a Supplemental Indenture within the meaning of the Base Indenture. For clarity and avoidance of doubt, the provisions of this Reopening Supplemental Indenture shall only be applicable to the Series 1 Notes in the aggregate principal amount of Cdn.\$100,000,000 issued hereunder and shall not be applicable to any other notes hereafter issued.

## ARTICLE 2 TERMS OF THE NOTES

### Section 2.1 Authorization

Additional Series 1 Notes, in an aggregate principal amount of Cdn.\$100,000,000 are authorized for immediate issue, such that the aggregate principal amount of Series 1 Notes authorized for issue under the Trust Indenture as of the date hereof is Cdn. \$300,000,000.



### **Section 2.2 Attributes of Notes**

The Notes issued hereby are Series 1 Notes having the terms and attributes provided for in Section 2.3 of the First Supplemental Indenture, save and except that the Original Date of Issue for the Notes shall be December 1, 2010, with interest accruing on the Notes from December 1, 2010.

### **Section 2.3 Creation and Issuance**

Notes in the aggregate principal amount of Cdn.\$100,000,000 are hereby created and one or more Global Notes evidencing the Notes may forthwith and from time to time be executed by the Issuer and delivered to the Trustee and shall thereupon be authenticated and delivered by either or both of them in the manner described in the Base Indenture.

### **Section 2.4 Incorporation by Reference**

The defined terms set out in Section 1.3 (Definitions), and the provisions of Section 2.5 (Location of Registers), Section 2.6 (Additional Amounts), Section 2.7 (Trustee, etc.), Section 2.8 (Redemption and Repurchase) and Article 3 (Offer to Repurchase Series 1 Notes) of the First Supplemental Indenture shall apply to the Notes and are incorporated by reference as if set out in full herein, and any reference to “this Supplemental Indenture” or “this First Supplemental Indenture” contained in Section 1.3, Section 2.6 or Article 3 of the First Supplemental Indenture and incorporated by reference herein shall be read as if it read “this Reopening Supplemental Indenture”.

### **Section 2.5 Issuance of Notes to Constitute Same Series**

Notwithstanding that the Original Date of Issue for the Notes shall be December 1, 2010, with interest accruing on the Notes from December 1, 2010, the Series 1 Notes issued hereunder shall constitute and be deemed to be the same Series (as defined in the Base Indenture) as the Series 1 Notes issued on June 1, 2010.

## **ARTICLE 3 FORM OF NOTES**

### **Section 3.1 Form of Global Notes.**

Upon issue, the Notes shall be represented by an interim global note certificate (the “**Interim Global Certificate**”) substantially in the form attached hereto as Schedule A, with such appropriate deletions, additions, substitutions and variations as the Trustee and the Issuer may approve and shall bear such distinguishing letters and numbers as the Trustee may approve, with such approval in each case to be conclusively deemed to have been given by the Trustee certifying such certificate. The Interim Global Certificate shall be replaced by a permanent global note certificate (the “**Permanent Global Certificate**”) substantially in the form attached hereto as Schedule B, with such appropriate deletions, additions, substitutions and variations as the Trustee and the Issuer may approve and shall bear such distinguishing letters and numbers as the Trustee may approve, with such approval in each case to be conclusively deemed to have been given by the Trustee certifying such certificate, at such time as both of the following shall have occurred: (a) the delivery to CDS Clearing and Depository Services Inc. of the Permanent Global Certificate

and (b) 9:00 a.m. (Toronto time) on April 2, 2011. The Interim Global Certificate shall expire at the time (the “**Replacement Time**”) of its replacement by the Permanent Global Certificate in accordance with this section, and the Permanent Global Certificate shall come into force upon such expiry. For the avoidance of doubt and for purposes of Section 4.1 of the Base Indenture, and notwithstanding that the Permanent Global Certificate may be executed by the Issuer and certified and delivered by the Trustee in accordance with an order of the Issuer prior to the Effective Time, the Permanent Global Certificate (i) shall not be effective until the Replacement Time, and (ii) shall not represent an additional issuance of Notes by the Issuer and shall only, on or following the Replacement Time, represent the Notes that were represented by the Interim Global Certificate prior to the Replacement Time.

### **Section 3.2 Form of Definitive Notes.**

In the event that Definitive Notes are issued pursuant to Section 3.4 of the Base Indenture, such Definitive Notes shall be substantially in the form attached as Schedule A hereto (if issued prior to expiry of the Interim Global Certificate), but without the legend that refers to CDS Clearing Depository Services Inc., by the Issuer with respect to applicable legends, or in Schedule B hereto (if issued following expiry of the Interim Global Certificate), but without the legend referring to CDS Clearing Depository Services Inc. If Definitive Notes are issued prior to April 2, 2011, the Issuer shall provide the holders of such certificated securities with notice (in the form and manner required under the Trust Indenture) of their right to obtain replacement certificates for such certificated securities on April 2, 2011 and shall, upon request of any holder of such securities, issue a replacement certificate in the form attached as Schedule B hereto for such Definitive Notes.

## **ARTICLE 4 MISCELLANEOUS**

### **Section 4.1 Acceptance of Trust**

The Trustee accepts the trusts in this Reopening Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Reopening Supplemental Indenture and in accordance with the Base Indenture.

### **Section 4.2 Confirmation of Base Indenture**

The Base Indenture and the First Supplemental Indenture, as amended and supplemented by this Reopening Supplemental Indenture is in all respects confirmed.

### **Section 4.3 Counterparts**

This Reopening Supplemental Indenture may be executed in several counterparts and delivered by facsimile, each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF the parties hereto have executed this Reopening Supplemental Indenture under the hands of their proper officers in that behalf.

**TIM HORTONS INC.**

By: /s/ CYNTHIA J. DEVINE

Name: Cynthia J. Devine  
Title: Chief Financial Officer

By: /s/ DIANA FIFE

Name: Diana Fife  
Title: Treasurer

**BNY TRUST COMPANY OF CANADA,  
as Trustee**

By: /s/ MARCIA REDWAY

Name: Marcia Redway  
Title: Authorized Officer

**SCHEDULE "A"**  
**FORM OF INTERIM GLOBAL NOTE CERTIFICATE**

**SERIES 1 (INTERIM) GLOBAL NOTE**

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO TIM HORTONS INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE APRIL 2, 2011.

REGISTERED

**TIM HORTONS INC.**  
**4.20% SENIOR UNSECURED NOTES, SERIES 1**  
**(ADDITIONAL ISSUE)**

THIS SERIES 1 (INTERIM) GLOBAL NOTE NUMBER 2 EXPIRES AND SHALL BE REPLACED BY THE SERIES 1 (PERMANENT) GLOBAL NOTE NUMBER 3 AT SUCH TIME AS BOTH OF THE FOLLOWING SHALL HAVE OCCURRED (THE "EXPIRY TIME"): A) THE DELIVERY TO CDS OF SERIES 1 (PERMANENT) GLOBAL NOTE NUMBER 3; AND B) 9 O'CLOCK A.M. (TORONTO TIME) ON APRIL 2, 2011. FOLLOWING THE EXPIRY TIME, THIS CERTIFICATE SHALL CEASE TO EVIDENCE THE SERIES 1 NOTES FORMERLY EVIDENCED HEREBY AND SHALL BE OF NO FORCE OR EFFECT, AND SUCH SERIES 1 NOTES SHALL BE EVIDENCED ONLY BY THE SERIES 1 (PERMANENT) GLOBAL NOTE NUMBER 3.

Note No. 2

ISIN No. CA88706MAB96  
CUSIP No. 88706MAB9

Principal Amount: \$100,000,000  
(\$100 million dollars)

Currency: Canadian Dollars

Denominations (if other than Cdn. Dollars or Cdn. Dollar denominations of a minimum denomination of Cdn.\$1,000 and thereafter in integral multiples of \$1,000): N/A

Interest Rate: 4.20% per annum

Original Date of Issue: December 1, 2010

Stated Maturity: June 1, 2017

Interest Payment Date(s): June 1 and December 1 in each year, commencing on June 1, 2011 (the "**Initial Interest Payment Date**").

Record Date(s): The tenth Business Day prior to such Interest Payment Date

Payment Currency of Principal, Interest and Premium (if any):

Canadian Dollars  
 Specified Currency

Day Count Convention: Actual/365 for periods less than six months

Other Provisions: See "Redemption" below

Addendum Attached

Yes  
 No

Redemption: Under the Trust Indenture (as defined below), the Series 1 Notes may be redeemed in whole or in part, at any time upon not less than 30 days and not more than 60 days notice to the holders of the Series 1 Notes to be redeemed, and upon deposit with the Trustee, on the date fixed for redemption, of the Redemption Price.

**"Canada Yield Price"** means a price equal to the price of the Series 1 Notes calculated to provide a yield to maturity (calculated from the redemption date), compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the Business Day preceding the day on which the Issuer gives notice of redemption pursuant to Section 5.4 of the Trust Indenture, plus 0.30%;

**"Government of Canada Yield"** on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to maturity of, in the case of the Series 1 Notes, the Series 1 Notes, such yield to maturity being the average of the yields provided by two Canadian investment dealers specified by the Issuer;

**"Redemption Price"** means, with respect to a Series 1 Note to be redeemed, the greater of (i) the Canada Yield Price and (ii) par, together in each case, with accrued and unpaid interest, if any, to the date fixed for redemption.

**TIM HORTONS INC.** (the “**Issuer**”) for value received hereby promises to pay to the registered holder hereof on the Stated Maturity, or on such earlier date as the Principal Amount may become due in accordance with the provisions of the Trust Indenture (as defined below), on presentation and surrender of this 4.20% Senior Unsecured Note, Series 1 due June 1, 2017 (the “**Series 1 Note**”) at the principal office of the Trustee (as defined below), the Principal Amount in lawful money of Canada, and to pay interest on the Principal Amount, from time to time outstanding, at the Interest Rate per annum, in like money, semi-annually, in arrears, in equal instalments on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date and the last such payment to be payable on the date of the Stated Maturity, in an amount equal to \$21.00 per \$1,000 principal amount, and if the Issuer at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money, at the principal office of the Trustee and semi-annually on the same dates.

This Series 1 Note is a single registered Note representing Cdn.\$100,000,000 of the 4.20% Senior Unsecured Notes, Series 1 due June 1, 2017 of the Issuer issued under a trust indenture (the “**Base Indenture**”) dated June 1, 2010 made between the Issuer and BNY Trust Company of Canada (the “**Trustee**”), as supplemented by a First Supplemental Indenture dated June 1, 2010 (the “**First Supplemental Indenture**”) made between the Issuer and the Trustee, and as further supplemented by a First (Reopening) Supplemental Indenture dated December 1, 2010 (the “**Reopening Indenture**”; the **Reopening Indenture** together with the Base Indenture and the First Supplemental Indenture, the “**Trust Indenture**”).

Reference is hereby expressly made to the Trust Indenture and all instruments supplemental thereto for a description of the terms and conditions upon which this Series 1 Note is issued and held and the rights and remedies of the holder of this Series 1 Note and of the Issuer and of the Trustee, all of which are incorporated by reference in this Series 1 Note and to all of which the holder of this Series 1 Note, by acceptance hereof, agrees. The provisions of this Series 1 Note are qualified in their entirety by the provisions of the Trust Indenture. A Noteholder may obtain from the Trustee a copy of the Trust Indenture on written request and upon payment of a reasonable copying charge.

Interest payments will be made by the Issuer by electronic funds transfer or wire transfer (or other payment method as agreed by the Issuer and the Trustee) to the Depository or the Nominee on each Interest Payment Date, (except in case of payment at maturity, on redemption, repurchase or pursuant to a Change of Control Offer at which time payment of interest will be made only upon surrender of this Series 1 Note). The forwarding of such payments to the Depository or the Nominee shall satisfy and discharge the liability for interest upon this Series 1 Note to the extent of the sum represented thereby (plus the amount of any tax, assessment or other government charge required by law to be deducted or withheld).

The Series 1 Notes are direct senior unsecured obligations of the Issuer. The Series 1 Notes rank equally and *pari passu* with each other and with the Notes of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, with all other

senior unsubordinated and unsecured indebtedness of the Issuer for Borrowed Money, except as to any sinking fund which pertains exclusively to any particular indebtedness of the Issuer.

This Series 1 Note has been unconditionally (except to the extent otherwise provided in the Trust Indenture) and irrevocably guaranteed as to the payment of principal, interest, Premium, if any, in accordance with the terms of the Trust Indenture by certain Guarantor(s). Any guarantee of the Series 1 Note is subject to the provisions of the Trust Indenture, including Article 6 thereof.

At any time and from time to time, the Issuer may purchase all or any of Series 1 Notes (which shall include purchase from or through an investment dealer or other market intermediary or by tender or by private contract), provided that no Event of Default would result from such purchase.

The Issuer is required, subject to the occurrence of a Change of Control Triggering Event and subject to and in accordance with the provisions of the Trust Indenture, unless the Issuer has exercised its optional right to redeem all of the Series 1 Notes, to make an offer to repurchase all or, at the option of the holder of Series 1 Notes, any part (equal to Cdn.\$1,000 or an integral multiple thereof) of such holder's Series 1 Notes, at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Principal Amount may become or be declared due before the Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Trust Indenture.

The Base Indenture contains provisions for the holding of meetings of holders of Notes and making resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the notes outstanding binding on all holders of Notes issued by the Issuer pursuant to the Base Indenture, subject to the provisions of the First Supplemental Indenture.

This Series 1 Note may be transferred only upon compliance with the conditions prescribed in the Trust Indenture on one of the Registers kept at the principal offices of the Trustee in Toronto and at such other place or places, if any, and by such other Registrar or Registrars, if any, as the Issuer may designate, by the registered holder hereof or the holder's legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other registrar.

This Series 1 Note shall not become obligatory for any purpose until it shall have been certified by the manual signature of the Trustee under the Trust Indenture.

This Series 1 Note and the Trust Indenture are governed by, and are to be construed and enforced with, the laws of the Province of Ontario.

The parties hereto have declared that they have required that this Series 1 Note and all other documents related hereto be in the English language.

Les parties aux présentes ont déclaré qu'elles ont exigé que le présent certificat, de même que tous les documents s'y rapportant, soient rédigés en anglais.

All capitalized terms used in this Series 1 Note which are not otherwise defined shall have the meanings ascribed to such terms in the Trust Indenture.



**IN WITNESS WHEREOF** the Issuer has caused this Series 1 Note to be signed by its Authorized Officers as of the \_\_\_\_\_ day of December, 2010.

**TIM HORTONS INC.**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

**TRUSTEE'S CERTIFICATE**

This Series 1 Note is a single registered Note representing Cdn.\$100,000,000 of the 4.20% Senior Unsecured Notes, Series 1 due June 1, 2017 of the Issuer issued under the Trust Indenture.

**BNY TRUST COMPANY OF CANADA, as Trustee**

By: \_\_\_\_\_  
Certifying Officer

**(NO WRITING HEREON EXCEPT BY THE TRUSTEE OR OTHER REGISTRAR)**

ISIN No. CA88706MAB96  
CUSIP No. 88706MAB9

| DATE OF REGISTRY | IN WHOSE NAME REGISTERED | SIGNATURE OF TRUSTEE OR OTHER REGISTRAR | OUTSTANDING PRINCIPAL AMOUNT |
|------------------|--------------------------|---|------------------------------|
|                  |                          |   |                              |
|                  |                          |   |                              |
|                  |                          |   |                              |
|                  |                          |   |                              |

**ASSIGNMENT/TRANSFER FORM**

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_

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**(Please print or typewrite assignee's name and address including postal code)**

the within Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_  
attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

Dated:

\_\_\_\_\_  
Signature of transferring registered  
holder\*

Signature of transferring registered holder guaranteed by:\*\*

\_\_\_\_\_  
Signature of Guarantor

\* **NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.**

\*\* **Signature must be guaranteed by an authorized officer of a Canadian chartered bank or a major Canadian trust company or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.**

**SCHEDULE "B"**  
**FORM OF PERMANENT GLOBAL NOTE CERTIFICATE**

**SERIES 1 (PERMANENT) GLOBAL NOTE**

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO TIM HORTONS INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE APRIL 2, 2011.

REGISTERED

**TIM HORTONS INC.**  
**4.20% SENIOR UNSECURED NOTES, SERIES 1**  
**(ADDITIONAL ISSUE)**

THIS SERIES 1 (PERMANENT) GLOBAL NOTE NUMBER 3 BECOMES EFFECTIVE AND REPLACES THE SERIES 1 (INTERIM) GLOBAL NOTE NUMBER 2 AT SUCH TIME AS BOTH OF THE FOLLOWING SHALL HAVE OCCURRED (THE "EFFECTIVE TIME"): A) THE DELIVERY TO CDS OF THIS SERIES 1 (PERMANENT) GLOBAL NOTE NUMBER 3; AND B) 9 O'CLOCK A.M. (TORONTO TIME) ON APRIL 2, 2011 AND THIS CERTIFICATE IS OF NO FORCE OR EFFECT PRIOR TO THE EFFECTIVE TIME. FOLLOWING THE EFFECTIVE TIME, THE SERIES 1 (INTERIM) GLOBAL NOTE NUMBER 2 SHALL CEASE TO EVIDENCE THE SERIES 1 NOTES EVIDENCED HEREBY AND SHALL BE OF NO FORCE OR EFFECT.

Note No. 3

ISIN No. CA88706MAA14  
CUSIP No. 88706MAA1

Principal Amount: \$100,000,000  
(\$100 million dollars)

Currency: Canadian Dollars

Denominations (if other than Cdn. Dollars or Cdn. Dollar denominations of a minimum denomination of Cdn.\$1,000 and thereafter in integral multiples of \$1,000): N/A

Interest Rate: 4.20% per annum

Original Date of Issue: December 1, 2010

Stated Maturity: June 1, 2017

Interest Payment Date(s): June 1 and December 1 in each year, commencing on June 1, 2011 (the "**Initial Interest Payment Date**").

Record Date(s): The tenth Business Day prior to such Interest Payment Date

Payment Currency of Principal, Interest and Premium (if any):

Canadian Dollars  
 Specified Currency

Day Count Convention: Actual/365 for periods less than six months

Other Provisions: See "Redemption" below

Addendum Attached

Yes  
 No

Redemption: Under the Trust Indenture (as defined below), the Series 1 Notes may be redeemed in whole or in part, at any time upon not less than 30 days and not more than 60 days notice to the holders of the Series 1 Notes to be redeemed, and upon deposit with the Trustee, on the date fixed for redemption, of the Redemption Price.

**"Canada Yield Price"** means a price equal to the price of the Series 1 Notes calculated to provide a yield to maturity (calculated from the redemption date), compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the Business Day preceding the day on which the Issuer gives notice of redemption pursuant to Section 5.4 of the Trust Indenture, plus 0.30%;

**"Government of Canada Yield"** on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to maturity of, in the case of the Series 1 Notes, the Series 1 Notes, such yield to maturity being the average of the yields provided by two Canadian investment dealers specified by the Issuer;

**"Redemption Price"** means, with respect to a Series 1 Note to be redeemed, the greater of (i) the Canada Yield Price and (ii) par, together in each case, with accrued and unpaid interest, if any, to the date fixed for redemption.

**TIM HORTONS INC.** (the “**Issuer**”) for value received hereby promises to pay to the registered holder hereof on the Stated Maturity, or on such earlier date as the Principal Amount may become due in accordance with the provisions of the Trust Indenture (as defined below), on presentation and surrender of this 4.20% Senior Unsecured Note, Series 1 due June 1, 2017 (the “**Series 1 Note**”) at the principal office of the Trustee (as defined below), the Principal Amount in lawful money of Canada, and to pay interest on the Principal Amount, from time to time outstanding, at the Interest Rate per annum, in like money, semi-annually, in arrears, in equal instalments on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date and the last such payment to be payable on the date of the Stated Maturity, in an amount equal to \$21.00 per \$1,000 principal amount, and if the Issuer at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money, at the principal office of the Trustee and semi-annually on the same dates.

This Series 1 Note is a single registered Note representing Cdn.\$100,000,000 of the 4.20% Senior Unsecured Notes, Series 1 due June 1, 2017 of the Issuer issued under a trust indenture (the “**Base Indenture**”) dated June 1, 2010 made between the Issuer and BNY Trust Company of Canada (the “**Trustee**”), as supplemented by a First Supplemental Indenture dated June 1, 2010 (the “**First Supplemental Indenture**”) made between the Issuer and the Trustee, and as further supplemented by a First (**Reopening**) Supplemental Indenture dated December 1, 2010 (the “**Reopening Indenture**”; the **Reopening Indenture** together with the Base Indenture and the First Supplemental Indenture, the “**Trust Indenture**”).

Reference is hereby expressly made to the Trust Indenture and all instruments supplemental thereto for a description of the terms and conditions upon which this Series 1 Note is issued and held and the rights and remedies of the holder of this Series 1 Note and of the Issuer and of the Trustee, all of which are incorporated by reference in this Series 1 Note and to all of which the holder of this Series 1 Note, by acceptance hereof, agrees. The provisions of this Series 1 Note are qualified in their entirety by the provisions of the Trust Indenture. A Noteholder may obtain from the Trustee a copy of the Trust Indenture on written request and upon payment of a reasonable copying charge.

Interest payments will be made by the Issuer by electronic funds transfer or wire transfer (or other payment method as agreed by the Issuer and the Trustee) to the Depository or the Nominee on each Interest Payment Date, (except in case of payment at maturity, on redemption, repurchase or pursuant to a Change of Control Offer at which time payment of interest will be made only upon surrender of this Series 1 Note). The forwarding of such payments to the Depository or the Nominee shall satisfy and discharge the liability for interest upon this Series 1 Note to the extent of the sum represented thereby (plus the amount of any tax, assessment or other government charge required by law to be deducted or withheld).

The Series 1 Notes are direct senior unsecured obligations of the Issuer. The Series 1 Notes rank equally and *pari passu* with each other and with the Notes of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, with all other

senior unsubordinated and unsecured indebtedness of the Issuer for Borrowed Money, except as to any sinking fund which pertains exclusively to any particular indebtedness of the Issuer.

This Series 1 Note has been unconditionally (except to the extent otherwise provided in the Trust Indenture) and irrevocably guaranteed as to the payment of principal, interest, Premium, if any, in accordance with the terms of the Trust Indenture by certain Guarantor(s). Any guarantee of the Series 1 Note is subject to the provisions of the Trust Indenture, including Article 6 thereof.

At any time and from time to time, the Issuer may purchase all or any of Series 1 Notes (which shall include purchase from or through an investment dealer or other market intermediary or by tender or by private contract), provided that no Event of Default would result from such purchase.

The Issuer is required, subject to the occurrence of a Change of Control Triggering Event and subject to and in accordance with the provisions of the Trust Indenture, unless the Issuer has exercised its optional right to redeem all of the Series 1 Notes, to make an offer to repurchase all or, at the option of the holder of Series 1 Notes, any part (equal to Cdn.\$1,000 or an integral multiple thereof) of such holder's Series 1 Notes, at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Principal Amount may become or be declared due before the Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Trust Indenture.

The Base Indenture contains provisions for the holding of meetings of holders of Notes and making resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the notes outstanding binding on all holders of Notes issued by the Issuer pursuant to the Base Indenture, subject to the provisions of the First Supplemental Indenture.

This Series 1 Note may be transferred only upon compliance with the conditions prescribed in the Trust Indenture on one of the Registers kept at the principal offices of the Trustee in Toronto and at such other place or places, if any, and by such other Registrar or Registrars, if any, as the Issuer may designate, by the registered holder hereof or the holder's legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other registrar.

This Series 1 Note shall not become obligatory for any purpose until it shall have been certified by the manual signature of the Trustee under the Trust Indenture.

This Series 1 Note and the Trust Indenture are governed by, and are to be construed and enforced with, the laws of the Province of Ontario.

The parties hereto have declared that they have required that this Series 1 Note and all other documents related hereto be in the English language.

Les parties aux présentes ont déclaré qu'elles ont exigé que le présent certificat, de même que tous les documents s'y rapportant, soient rédigés en anglais.

All capitalized terms used in this Series 1 Note which are not otherwise defined shall have the meanings ascribed to such terms in the Trust Indenture.



**IN WITNESS WHEREOF** the Issuer has caused this Series 1 Note to be signed by its Authorized Officers as of the \_\_\_\_\_ day of December, 2010.

**TIM HORTONS INC.**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

**TRUSTEE'S CERTIFICATE**

This Series 1 Note is a single registered Note representing Cdn.\$100,000,000 of the 4.20% Senior Unsecured Notes, Series 1 due June 1, 2017 of the Issuer issued under the Trust Indenture.

**BNY TRUST COMPANY OF CANADA, as Trustee**

By: \_\_\_\_\_  
Certifying Officer

**(NO WRITING HEREON EXCEPT BY THE TRUSTEE OR OTHER REGISTRAR)**

ISIN No. CA88706MAA14  
CUSIP No. 88706MAA1

| DATE OF REGISTRY | IN WHOSE NAME REGISTERED | SIGNATURE OF TRUSTEE OR OTHER REGISTRAR | OUTSTANDING PRINCIPAL AMOUNT |
|------------------|--------------------------|---|------------------------------|
|                  |                          |   |                              |
|                  |                          |   |                              |
|                  |                          |   |                              |
|                  |                          |   |                              |

**ASSIGNMENT/TRANSFER FORM**

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_

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**(Please print or typewrite assignee's name and address including postal code)**

the within Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_  
attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

Dated:

\_\_\_\_\_  
Signature of transferring registered  
holder\*

Signature of transferring registered holder guaranteed by:\*\*

\_\_\_\_\_  
Signature of Guarantor

\* **NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.**

\*\* **Signature must be guaranteed by an authorized officer of a Canadian chartered bank or a major Canadian trust company or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.**

## SUPPLEMENT TO GUARANTEE

**TO: BNY TRUST COMPANY OF CANADA** as trustee (the “**Trustee**”) under a Trust Indenture (as the same may be supplemented, amended, restated or replaced from time to time, the “**Trust Indenture**”) dated as of June 1, 2010 providing for the issuance of Notes (as defined therein) of Tim Hortons Inc. (the “**Obligor**”).

**THIS SUPPLEMENT TO GUARANTEE** is made as of this 1<sup>st</sup> day of December, 2010.

**WHEREAS**, pursuant to the guarantee made the 1<sup>st</sup> day of June 2010 (the “**Guarantee**”) by the undersigned (hereinafter referred to as the “**Guarantor**”) in favour of the Trustee and each of the holders of the Notes, the Guarantor has guaranteed the Obligations (as defined in the Guarantee) of the Obligor pursuant to and subject to the terms of the Trust Indenture;

**AND WHEREAS**, pursuant to the terms of the Trust Indenture, the Obligor and the Trustee entered into a first supplemental trust indenture (the “**First Supplement**”) dated as of June 1, 2010 providing for the issuance of Series 1 Notes (as defined therein) in the aggregate principal amount of Cdn.\$200,000,000 (the “**Initial Issuance Notes**”);

**AND WHEREAS**, pursuant to the terms of the Trust Indenture, the Obligor and the Trustee are entering into a first (reopening) supplemental indenture (collectively with the First Supplement, the “**Supplements**”) dated as of the date hereof providing for the issuance of additional Series 1 Notes in the aggregate principal amount of Cdn.\$100,000,000 (the “**Reopening Issuance Notes**” and, collectively with the Initial Issuance Notes, the “**Issued Notes**”);

**NOW THEREFORE THIS SUPPLEMENT TO GUARANTEE WITNESSES** that, for value received, and intending to be legally bound by this Supplement to Guarantee, the Guarantor hereby confirms in favour of, and acknowledges and covenants with the Trustee as follows:

1. All of the Issued Notes, including without limitation the Reopening Issuance Notes, are Notes and, accordingly, all principal of and Premium (as defined in the Trust Indenture), if any, and interest on the Issued Notes and all other amounts due or owing to Noteholders (as defined in the Guarantee) in accordance with the terms of the Issued Notes and the Trust Indenture (as supplemented by the Supplements) are Obligations in respect of which the terms set forth in the Guarantee apply.
2. The Guarantee, as supplemented by this Supplement to Guarantee, shall remain in full force and effect, and shall continue to guarantee the due and punctual payment to the Noteholders of all Obligations (as such term has been supplemented in Section 1 above) of the Obligor in accordance with the terms of the Trust Indenture and Notes, subject to the release conditions set forth in the Guarantee and the Trust Indenture.
3. The Guarantor shall deliver all such other documents and shall do all such other things as the Trustee reasonably requires from time to time to perform and carry out the purpose and intent of this Supplement to Guarantee.

This Supplement to Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**THE TDL GROUP CORP.**By: /s/ CYNTHIA J. DEVINEName: Cynthia J. Devine  
Title: Chief Financial OfficerBy: /s/ DIANA FIFEName: Diana Fife  
Title: Treasurer

**FOR IMMEDIATE RELEASE**

(All amounts in Canadian dollars)

(NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR DISSEMINATION IN THE UNITED STATES)



**Tim Hortons Inc. announces \$100 million refinancing of maturing debt through reopening of existing senior unsecured 7-year notes**

**OAKVILLE, ONTARIO**, (November 25<sup>th</sup>, 2010): Tim Hortons Inc. (TSX: THI, NYSE: THI) today announced it has reopened its existing senior unsecured 7-year notes, with net proceeds intended primarily to refinance the remaining portion of its existing term debt set to mature in February 2011.

The notes are being offered on a private placement basis in reliance upon exemptions from the prospectus requirements under applicable Canadian securities legislation. The fixed annual coupon rate for the \$100 million principal amount of senior unsecured notes is 4.20%. In connection with the new issue dated December 1st, the first interest payment is due June 1st, 2011.

When the notes are issued, the total principal amount of the 4.20% senior unsecured notes, series 1, will be \$300 million. These notes will have semi-annual interest payments made equally, and will mature June 1st, 2017.

The offering is expected to close December 1st, 2010, with proceeds of \$101,923,000 net of agent commissions, and was priced at \$102.273 per \$100 to yield 3.802%, or 104 basis points over the Canadian government benchmark. The debt offering was significantly oversubscribed, indicating strong market support for the Company.

“We were pleased with the strong market support for our reopening of the senior 7-year notes, and our ability to take advantage of historic low rates to refinance our maturing debt,” said Cynthia Devine, chief financial officer, Tim Hortons Inc.

The issue was offered on an agency basis by a syndicate of dealers co-led by RBC Capital Markets and Scotia Capital Inc. Other syndicate members include: J.P. Morgan Securities Canada Inc., TD Securities Inc., CIBC World Markets Inc. and BMO Nesbitt Burns Inc.

In addition to the reopening of the notes, we are currently in the process of refinancing our bank revolver facility which matures February 28, 2011. We expect to complete the new revolver facility by year-end 2010 and it is planned to be for \$250 million with a 4-year term.

This news release does not constitute an offer to sell, or the solicitation of an offer to buy, the securities in the United States or any other jurisdiction. The securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and may not be offered or sold in the United States absent registration or an exemption from the registration requirement under the U.S. Securities Act and applicable state securities laws. The securities being offered have not been approved or disapproved by any Canadian or U.S. securities regulatory authority.

## **Safe Harbor Statement**

Certain information in this news release, particularly information regarding the expected closing and use of proceeds of the offering of notes, and our intentions to refinance our bank revolver facility, constitute forward-looking information within the meaning of Canadian securities laws and forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. We refer to all of these as forward-looking statements. Various factors including competition in the quick service segment of the food service industry, general economic conditions and others described as “risk factors” in the Company’s 2009 Annual Report on Form 10-K, filed March 4th, 2010, and the Quarterly Report on Form 10-Q filed August 12th, 2010 with the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, could affect the Company’s actual results and cause such results to differ materially from those expressed in forward-looking statements. As such, readers are cautioned not to place undue reliance on forward-looking statements contained in this news release, which speak only as of the date hereof. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: the absence of a material increase in competition within the quick service restaurant segment of the food service industry; the absence of an adverse event or condition that damages our strong brand position and reputation; continuing positive working relationships with the majority of the Company’s franchisees; there being no significant change in the Company’s ability to comply with current or future regulatory requirements; the absence of any material adverse effects arising as a result of litigation; and general worldwide economic conditions. We are presenting this information for the purpose of informing you of management’s current expectations regarding these matters, and this information may not be appropriate for any other purpose. We assume no obligation to update or alter any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law. Please review the Company’s Safe Harbor Statement at [www.timhortons.com/en/about/safeharbor.html](http://www.timhortons.com/en/about/safeharbor.html).

## **Tim Hortons Inc. Overview**

Tim Hortons is the fourth largest publicly-traded restaurant chain in North America based on market capitalization, and the largest in Canada. Operating in the quick service segment of the restaurant industry, Tim Hortons appeals to a broad range of consumer tastes, with a menu that includes premium coffee, flavored cappuccinos, specialty teas, home-style soups, fresh sandwiches, wraps, hot breakfast sandwiches and fresh baked goods, including our trademark donuts. As of November 2010, Tim Hortons had 3,649 systemwide restaurants, including 3,082 in Canada and 567 in the United States. More information about the Company is available at [www.timhortons.com](http://www.timhortons.com).

## **CONTACT:**

Scott Bonikowsky: (905) 339-6186 or [investor\\_relations@timhortons.com](mailto:investor_relations@timhortons.com)

Media: David Morelli, (905) 339-6277 or [morelli\\_david@timhortons.com](mailto:morelli_david@timhortons.com)

**TIM HORTONS INC.****Safe Harbor Under the Private Securities Litigation Reform Act of 1995 and Canadian Securities Laws**

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those disclosed in the statement. Canadian securities laws have corresponding safe harbor provisions, subject to certain additional requirements including the requirement to state the assumptions used to make the forecasts set out in forward-looking statements. Tim Hortons Inc. (the “Company”) desires to take advantage of these “safe harbor” provisions.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “seeks,” “outlook,” “forecast” or words of similar meaning, or future or conditional verbs, such as “will,” “should,” “could” or “may.” Examples of forward-looking statements that may be contained in our public disclosure from time to time include, but are not limited to, statements concerning management’s expectations relating to possible or assumed future results, our strategic goals and our priorities, and the economic and business outlook for us, for each of our business segments and for the economy generally. Many of the factors that could determine our future performance are beyond our ability to control or predict. The following factors, in addition to other factors set forth in our Form 10-K filed on March 4, 2010 and the Quarterly Report on Form 10-Q filed August 12, 2010 with the U.S. Securities and Exchange Commission (“SEC”) and the Canadian Securities Administrators (“CSA”), and in other press releases, communications, or filings made with the SEC or the CSA, could cause our actual results to differ materially from the expectation(s) included in forward-looking statements and, if significant, could materially affect the Company’s business, sales revenue, share price, financial condition, and/or future results, including causing the Company to (i) close restaurants, (ii) fail to realize same-store sales, which are critical to achieving our operating income and other financial targets, (iii) fail to meet the expectations of our securities analysts or investors, or otherwise fail to perform as expected, (iv) have insufficient cash to engage in or fund expansion activities, dividends, or share repurchase programs, or (v) increase costs, corporately or at store level, which may result in increased restaurant-level pricing, which in turn may result in decreased customer demand for our products resulting in lower sales, revenue, and earnings. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also materially adversely affect our business, financial condition, and/or operating results. We assume no obligation to update or alter any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: the absence of a material increase in competition within the quick service restaurant segment of the food service industry; the absence of an adverse event or condition that damages our strong brand position and reputation; continuing positive working relationships with the majority of the Company’s franchisees; there being no significant change in the Company’s ability to comply with current or future regulatory requirements; the absence of any material adverse effects arising as a result of litigation; and general worldwide economic conditions. We are presenting this information for the purpose of informing you of management’s current expectations regarding these matters, and this information may not be appropriate for any other purposes.

Competition. The quick service restaurant industry is intensely competitive with respect to price, service, location, personnel, qualified franchisees, real estate sites and type and quality of food. The Company and its franchisees compete with international, regional and local organizations, primarily through the quality, variety, and value perception of food products offered. The number and location of units, quality and speed of service, attractiveness of facilities, effectiveness of advertising/marketing and operational programs, discounting activities, price, changing demographic patterns and trends, changing consumer preferences and spending patterns or a desire for a more diversified menu, changing health or dietary preferences and perceptions, and new product development by the Company and its competitors are also important factors. Certain of the Company’s competitors, most notably in the U.S., have greater financial and other resources than we do, including substantially larger marketing budgets and greater leverage from their marketing spend.

**Factors Affecting Growth and Other Important Strategic Initiatives.** There can be no assurance that the Company will be able to achieve new restaurant or same-store sales growth objectives, that new restaurants will be profitable or that strategic initiatives will be successfully implemented. Early in the development of new markets, the opening of new restaurants may have a negative effect on the same-store sales of existing restaurants in the market. The Company may also enter markets where our brand is not well known and where it has little or operating experience and as a result, may not achieve the level of penetration needed in order to drive brand recognition, convenience, increased leverage to marketing dollars, and other benefits the Company believes penetration yields. When the Company enters new markets, it may be necessary to increase franchisee relief and support costs, which lowers its earnings. There can be no assurance that the Company will be able to successfully adapt its brand, development efforts, and restaurants to these differing market conditions. The Company may also continue to selectively close restaurants that are not achieving acceptable levels of profitability or change its growth strategies over time, where appropriate. Such closures may be accompanied by impairment charges that may have a negative impact on our earnings. The Company also intends to evaluate potential mergers, acquisitions, joint venture investments, alliances, vertical integration opportunities and divestitures, which are subject to many of the same risks that also affect new store development as well as various other risks. In addition, there can be no assurance that the Company will be able to complete the desirable transactions, for reasons including restrictive covenants in debt instruments or other agreements with third parties. The Company may continue to pursue strategic alliances (including co-branding) with third parties for different types of development models and products and there can be no assurance that: significant value will be recognized through such strategic alliances; the Company will be able to maintain our strategic alliances; or, the Company will be able to enter into new strategic relationships in the future. Entry into such relationships as well as the expansion of the Company's current business through such initiatives may expose it to additional risks that may adversely affect the Company's brand and business. The Company's financial outlook and long-range targets are based on the successful implementation, execution and customer acceptance of the Company's strategic plans and initiatives; accordingly, the failure of any of these criteria could cause the Company to fall short of achievement of its financial objectives and long-range goals.

**Food Safety and Health Concerns.** Incidents or reports, whether true or not, of food-borne illness and injuries caused by or claims of food tampering, employee hygiene and cleanliness failures or impropriety at Tim Hortons or other quick service restaurants unrelated to Tim Hortons could result in negative publicity, damage our brand value and potentially lead to product liability or other claims. Any decrease in customer traffic or temporary closure of any of our restaurants as a result of such incidents or negative publicity may have a material adverse effect on our business and results of operations.

**Litigation.** The Company is or may be subject to claims incidental to the business, including: obesity litigation; health and safety risks or conditions of the Company's restaurants associated with design, construction, site location and development, indoor or airborne contaminants and/or certain equipment utilized in operations; employee claims for employment or labour matters, including potentially, class action suits regarding wages, discrimination, unfair or unequal treatment, harassment, wrongful termination, and overtime compensation claims; claims from franchisees regarding profitability or wrongful termination of their franchise or operating (license) agreement(s); taxation authorities regarding certain tax disputes; and falsified claims. The Company's current exposure with respect to pending legal matters could change if determinations by judges and other finders of fact are not in accordance with management's evaluation of these claims and the Company's exposure could exceed expectations and have a material adverse effect on its financial condition and results of operations.

**The Importance of Canadian Segment Performance and Brand Reputation.** The Company's financial performance is highly dependent upon its Canadian operating segment, which accounted for approximately 86.7% of its consolidated revenues, and substantially all of its profit, in 2009. Any substantial or sustained decline in the Company's Canadian business would materially and adversely affect its financial performance. The Company's success is also dependent on its ability to maintain and enhance the value of its brand, its customers' connection to its brand, and a positive relationship with its franchisees. Brand value can be severely damaged, even by isolated incidents, including those that may be beyond the Company's control such as actions taken or not taken by its franchisees relating to health or safety, litigation and claims (including litigation by, other disputes with, or negative relationship with franchisees), security breaches or other fraudulent activities associated with its electronic payment systems, illegal activity targeted at the Company and incidents occurring at or affecting its strategic business partners (including in connection with co-branding initiatives and our self-serve kiosk model), affiliates, corporate social responsibility programs, or falsified claims or health or safety issues at our vertically integrated manufacturing plants.

**Distribution Operations and Supply Chain.** The occurrence of any of the following factors is likely to result in increased operating costs and decreased profitability of the Company's distribution operations and supply chain and may also



injure our brand, negatively affect our results of operations and our ability to generate expected earnings and/or increase costs, and/or negatively impact our relationship with our franchisees: higher transportation or shipping costs; inclement weather, which could affect the cost and timely delivery of ingredients and supplies; increased food and other supply costs; shortages or interruptions in the availability or supply of perishable food products and/or their ingredients; the failure of our distribution business to perform at historic levels, and political, physical, environmental or technological disruptions in the Company's or its suppliers' manufacturing and/or warehouse plants, facilities or equipment.

**Importance of Franchisees.** A substantial portion of the Company's earnings come from royalties and other amounts paid by franchisees, who operated 99.4% of the Tim Hortons restaurants as of October 3, 2010. The Company's revenues and profits would decline and its brand reputation could also be harmed if a significant number of franchisees were to experience, among other things, operational or financial difficulties or labour shortages or significant increases in labour costs. Although the Company generally enjoys a positive working relationship with the vast majority of its franchisees, active and/or potential disputes with franchisees could damage its reputation and/or its relationships with the broader franchisee group. The Company's franchisees are independent contractors and, as a result, the quality of their operations may be diminished by factors beyond the Company's control. Any operational shortcoming of a franchise restaurant is likely to be attributed by consumers to the Company's entire system, thus damaging its brand reputation and potentially affecting revenues and profitability.

**Government Regulation.** The Company and its franchisees are subject to various federal, state, provincial, and local ("governmental") laws and regulations. The development and operation of restaurants depend to a significant extent on the selection, acquisition, and development of suitable sites, which are subject to laws and regulations regarding zoning, land use, environmental matters (including limitation of vehicle emissions in drive-thrus; anti-idling bylaws; regulation of litter, packaging and recycling requirements; regulation relating to discharge, storage, handling, release and/or disposal of hazardous or toxic substances; and other governmental laws and regulations), traffic, franchise, design and other matters. Additional governmental laws and regulations affecting the Company and its franchisees include: business licensing; franchise laws and regulations; health, food preparation, sanitation and safety; labour (including applicable minimum wage requirements, overtime, working and safety conditions, family leave and other employment matters, and citizenship requirements); nutritional disclosure and advertising; regulations, laws, treaties or the interpretation or enforcement thereof relating to tax matters that may affect our anticipated effective tax rate, operating income (in the context of non-consolidated joint ventures), cash tax payment liabilities, and/or tax reserves, realization of the Company's tax assets, business planning within our corporate structure that have tax implications, ongoing tax disputes, and disclosure of tax related matters; tax laws affecting our franchisees' business; employee benefits; accounting; and anti-discrimination. Compliance with these laws and regulations and planning initiatives undertaken in connection therewith could increase the cost of doing business and, depending upon the nature of the Company's and its franchisees' responsive actions thereto could damage our reputation. Changes in these laws and regulations, or the implementation of additional regulatory requirements, particularly increases in applicable minimum wages, tax law, planning or other matters that may, among other things, affect the Company's anticipated effective tax rate and/or tax reserves; business planning within our corporate structure; our strategic initiatives and/or the types of projects we may undertake in furtherance of our business, or franchise requirements, may adversely affect the Company's financial results.

In addition, a taxation authority may disagree with certain views of the Company with respect to the interpretation of tax treaties, laws and regulations and take the position that material federal income tax liabilities, interests, penalties or amounts are payable by the Company, including in connection with the public company reorganization. Contesting such disagreements or assessments may be lengthy and costly and, if the Company were unsuccessful in disputing the same, the implications could be materially adverse to us and affect our anticipated effective tax rate, projected results, future operations and financial condition, where applicable.

**Economic, Market and Other Conditions.** The quick-service restaurant industry is affected by changes in international, national, regional, and local economic and political conditions, consumer preferences and perceptions (including food safety, health or dietary preferences and perceptions), discretionary spending patterns, consumer confidence, demographic trends, seasonality, weather events and other calamities, traffic patterns, the type, number and location of competing restaurants, enhanced governmental regulation (including nutritional and franchise regulations), changes in capital market conditions that affect valuations of restaurant companies in general or the value of the Company's stock in particular, and litigation relating to food quality, handling or nutritional content. Factors such as inflation, higher energy and/or fuel costs, food costs, the cost and/or availability of a qualified workforce and other labour issues, benefit costs, legal claims, legal and regulatory compliance (including environmental regulations), new or additional sales tax on the Company's products, disruptions in its supply chain or changes in the price, availability and shipping costs of supplies, and utility and other operating costs, also affect restaurant operations and

expenses and impact same-store sales and growth opportunities. The ability of the Company and its franchisees to finance new restaurant development, improvements and additions to existing restaurants, acquire and sell restaurants, and pursue other strategic initiatives (such as acquisitions and joint ventures), are affected by economic conditions, including interest rates and other government policies impacting land and construction costs and the cost and availability of borrowed funds. In addition, unforeseen catastrophic or widespread events affecting the health and/or welfare of large numbers of people in the markets in which the Company's restaurants are located and/or which otherwise cause a catastrophic loss or interruption in the Company's ability to conduct its business, would affect its ability to maintain and/or increase sales and build new restaurants. Unforeseen events, including war, terrorism and other international, regional or local instability or conflicts (including labour issues), public health issues (including tainted food and water supply or widespread/pandemic illness such as the avian or H1N1 flu), and natural disasters such as earthquakes, hurricanes, or other adverse weather and climate conditions could disrupt the Company's operations, disrupt the operations of its franchisees, suppliers, or customers, or result in political or economic instability.

**Reliance on Systems.** If the network and information systems and other technology systems that are integral to retail operations at system restaurants and at the Company's manufacturing facilities, the Maidstone Bakeries facility, and corporate offices are damaged or interrupted from power outages, computer and telecommunications failures, computer worms, viruses and other destructive or disruptive software, security breaches, catastrophic events and improper or personal usage by employees, such an event could have an adverse impact on the Company and its customers, franchisees and employees, including a disruption of our operations, customer dissatisfaction or a loss of customers or revenues. The Company relies on third party vendors to retain data, process transactions and provide certain services. In the event of failure in such third party vendors' systems and processes, the Company could experience business interruptions or privacy and/or security breaches surrounding our data. In the third quarter of 2009, the Company implemented an integrated financial system for the reporting and processing of financial data across numerous departmental and operational areas. This implementation and the conversion of these processes expose the Company to risk, including risks associated with maintaining and designing internal control and SOX 404 compliance, as well as corresponding Canadian requirements. Initially, the Company has experienced delays in business processes as new users adjust to utilizing the new financial system, which may impact the Company's relations with its franchisees, vendors and suppliers.

**Foreign Exchange Fluctuations.** The Company's Canadian restaurants are vulnerable to increases in the value of the U.S. dollar as certain commodities, such as coffee, are priced in U.S. dollars in international markets. Conversely, the Company's U.S. restaurants are impacted when the U.S. dollar falls in value relative to the Canadian dollar, as U.S. operations would be less profitable because of the increase in U.S. operating costs resulting from the purchase of supplies from Canadian sources, and profits from U.S. operations will contribute less to (or, for losses, have less of an impact on) the Company's consolidated results. Increases in these costs could make it harder to expand into the U.S. and increase relief and support costs to U.S. franchisees, affecting the Company's earnings. The opposite impact occurs when the U.S. dollar strengthens against the Canadian dollar. In addition, fluctuations in the values of Canadian and U.S. dollars can affect the value of the Company's common stock and any dividends the Company pays.

**Privacy Protection.** If the Company fails to comply with new and/or increasingly demanding laws and regulations regarding the protection of customer, supplier, vendor, franchisee, employee and/or business data, or if the Company (or a third party with which it has entered into a strategic alliance) experiences a significant breach of customer, supplier, vendor, franchisee, employee or Company data, the Company's reputation could be damaged and result in lost sales, fines, lawsuits and diversion of management attention. The introduction of credit payment systems and the Company's reloadable cash card makes us more susceptible to a risk of loss in connection with these issues, particularly with respect to an external security breach of customer information that the Company, or third parties under arrangement(s) with it, control.

**Other Significant Risk Factors.** The following factors could also cause the Company's actual results to differ from its expectations: an inability to adequately protect the Company's intellectual property and trade secrets from infringement actions or unauthorized use by others (including in certain international markets that have uncertain or inconsistent laws and/or application with respect to intellectual property and contract rights); liabilities and losses associated with owning and leasing significant amounts of real estate; an inability to retain executive officers and other key personnel or attract additional qualified management personnel to meet business needs; changes in its debt levels and a downgrade on its credit ratings; and certain anti-takeover provisions that may have the effect of delaying or preventing a change in control.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date and time made. Except as required by federal or provincial securities laws, the Company undertakes no obligation to publicly release any revisions to forward-looking statements, or to update them to reflect events or circumstances occurring after the date forward-looking statements are made, or to reflect the occurrence of unanticipated events.