Exhibit 99.1

FOR IMMEDIATE RELEASE
(All amounts in Canadian dollars)

Tim Hortons Inc. Announces 2008 Fourth Quarter and Year End Results

Solid performance in core Canadian business; operating income lower due to previously announced restaurant closures and related asset impairment charge

Financial & Sales Highlights

	Q4 2008	Q4 2007	% Change	2008 Full Year	2007 Full Year	% Change
Revenues	$563.7	$515.4	**9.4%**	$2,043.7	$1,895.9	**7.8%**
Operating income	$107.9	$116.2	**(7.2)%**	$ 443.6	$ 425.1	**4.3%**
Adjusted Operating Income(1)	$129.1	$116.2	**11.1%**	$ 467.4	$ 425.1	**9.9%**
Effective Tax Rate	32.8%	32.6%		32.8%	34.0%	
Net Income	$ 69.1	$ 75.7	**(8.6)%**	$ 284.7	$ 269.6	**5.6%**
Diluted Earnings Per Share (EPS)	$ 0.38	$ 0.40	**(5.9)%**	$ 1.55	$ 1.43	**8.6%**
Fully Diluted Shares	181.4	187.0	**(2.9)%**	183.5	188.8	**(2.8)%**

(1) Adjusted operating income is a non-GAAP measure. For information regarding this measure and a reconciliation to U.S. GAAP, please refer to "Disclosure of Non-GAAP Financial Measure" and Table 1 in this release.

($ in millions, except EPS. Fully diluted shares in millions. All numbers rounded.)

Same-Store Sales(2)	Q4 2008	Q4 2007	2008 Full Year	2007 Full Year
Canada	4.4%	3.8%	4.4%	6.1%
U.S.	(0.1)%	4.2%	0.8%	4.1%

(2) Includes sales at Franchised and Company-owned locations.

As of December 28, 2008, 99.5% of the Company's restaurants in Canada and 96.3% of the U.S. restaurants were franchised.

Highlights

- Fourth quarter systemwide sales(3) increased 8.2% on a constant currency basis
- Fourth quarter EPS of $0.38 includes negative impact of approximately $0.08 per share for restaurant closure costs (11 units) and a related asset impairment charge
- 161 new units opened in fourth quarter, 266 for full year
- Board approves 11.1% increase in quarterly dividend to $0.10 per share
- $200 million share repurchase program planned to commence in March 2009
- 2009 outlook and targets established

OAKVILLE, ONTARIO, (February 20, 2009): Tim Hortons Inc. (NYSE: THI, TSX: THI) today announced its results for the fourth quarter and fiscal year ended December 28, 2008.

"Sales growth in our core Canadian business was quite strong in the fourth quarter considering the challenging economic circumstances. At the same time, we took decisive steps to improve profitability in our developing U.S. business by closing a number of underperforming restaurants in southern New England, as announced late last year. For the full year, we had consolidated operating income growth of close to 10% excluding non-comparable items and we are pleased with this overall performance. We continue to focus on executing our growth agenda," said Don Schroeder, president and CEO.

Consolidated Results

In the fourth quarter systemwide sales[3] grew 8.2% on a constant currency basis and 9.5% including the impact of currency. Same-store sales increased 4.4% in Canada and were down 0.1% in the U.S. for the same period. Total revenues were up 9.4% to $563.7 million in the fourth quarter, compared to $515.4 million in the same period of 2007.

Same-store sales were driven by an active promotional program that included Chili and Garlic Toast and the return of Chicken Fajita wraps in Quebec. Candy Cane Donuts and Candy Cane hot chocolate were promoted in December, when we were also promoting our holiday merchandise program which included branded Tim Hortons china mugs, ceramic/steel coffee scoops, TimCards® and chocolate bark (Candy Cane and Milk Chocolate Almond). We also introduced combo programs in Canada and the U.S during the fourth quarter. In Canada, we offered Pumpkin Spice Donuts and Muffins with Tea. We also bundled Creamy Field Mushroom Soup with Ham and Swiss sandwiches. In the U.S., our combo programs included Pumpkin Spice Donuts with medium Coffee at an attractive price point and we also promoted Turkey Bacon Club sandwiches with Hearty Potato Bacon soup.

Sales growth in the fourth quarter of 11.0%, primarily consisting of warehouse sales, reflects strong systemwide sales during the fourth quarter and the impact of currency translation, partially offset by fewer Company-operated restaurants. New products managed through our supply chain also contributed to sales growth. Rents and royalties increased 10.2% for the same period, consistent with systemwide sales growth. Franchise fees decreased 8.5% year-over-year, primarily due to the timing of revenue recognition from our franchise incentive program, a higher mix of non-standard units in the fourth quarter versus full-serve restaurants compared to the previous year, and fewer replacements and renovations. These factors were partially offset by higher resales of restaurants to franchisees.

Fourth quarter cost of sales were up 9.8%, mainly driven by sales growth. Operating expenses rose by 11.7% in the fourth quarter. The largest components of the operating expense increase were the higher number of units opened in 2008, percentage rent increases on variable rent contracts, and the impact of foreign exchange on U.S. currency translation. Franchise fee costs were down 11.2%, consistent with lower franchise fee revenues described previously.

Operating income for the fourth quarter was $107.9 million, a decline of 7.2% from $116.2 million in the same period last year. The benefit of strong systemwide sales growth and higher warehouse sales partially offset the impact of restaurant closure costs and a related asset impairment charge. Excluding these costs, adjusted operating income [1] growth for the quarter was solid, up 11.1% year-over year. A total of 11 underperforming restaurants were closed in southern New England, 10 of which were Company-operated locations. In conjunction with its decision to close certain underperforming restaurants, the Company undertook an asset impairment review in the affected markets. As a result of these activities, $7.6 million in restaurant closure costs and a related market impairment charge of $13.7 million were recorded in the fourth quarter, for a total of $21.3 million.

Operating income was also affected by a 16.3% increase in fourth quarter general and administrative costs compared to the same period last year. These increased costs reflect significantly higher professional fees, the timing of franchisee meetings and related travel costs compared to last year, and the impact of foreign exchange translation from our U.S. segment. Higher professional fees in the quarter were due mainly to a feasibility assessment undertaken relating to the Company's corporate structure (see Corporate Developments for further information).

Equity income increased during the quarter to $10.5 million compared to $9.6 million last year, an increase of 9.4%. Equity income benefited from an asset sale in one of our joint ventures in the fourth quarter and sales growth helped drive higher income contributions from the Company's two largest joint ventures.

Net interest expense was $5.0 million in the fourth quarter compared to $4.0 million in the same period last year. The increase is the result of lower interest income and higher interest expense on capital leases offset partially by lower interest costs on external debt.

Fourth quarter net income was $69.1 million, decreasing 8.6% from $75.7 million last year. The decrease in net income was the result of $15.4 million in after tax costs associated with previously announced restaurant closures, and the related asset impairment charge. The effective tax rate for the fourth quarter of 2008 was 32.8%, slightly higher than 32.6% in the prior year comparable period.

Diluted earnings per share (EPS) were $0.38, down 5.9% compared to $0.40 in the fourth quarter of 2007, and includes a $0.08 impact from the asset impairment and related closure costs.

For the fiscal year ended December 28, 2008, total revenues were approximately $2.0 billion, increasing 7.8% from the approximately $1.9 billion recorded in 2007. Operating income for 2008 was $443.6 million, up 4.3% compared to $425.1 million last year. Excluding the asset impairment and related closure costs, and a previous management restructuring charge of $3.1 million ($2.5 million net of savings), adjusted operating income for the full year increased 9.9% to $467.4 million. The effective tax rate was 32.8% in 2008 compared to 34.0% in 2007, slightly below the targeted rate of 33% to 35%. Net income for the full year increased by 5.6% to $284.7 million, compared to $269.6 million in 2007. Net income includes a $17.1 million after-tax impact from the asset impairment and related closure costs described previously and the management restructuring charge announced in the second quarter. Diluted earnings per share were $1.55 in 2008 compared to $1.43 in 2007.

Segmented Performance Commentary

Canada

Canadian same-store sales in the fourth quarter rose 4.4%, of which approximately 3.1% was due to pricing. A strong menu promotional program, advertising and focus on holiday merchandise contributed to the sales performance in a challenging economic climate.

The Canadian segment experienced slightly higher margins due to higher sales and distribution efficiencies, partially offset by higher general and administrative costs, during the quarter. Operating income in the Canadian segment was $137.1 million, an increase of 8.7% compared to $126.2 million in the fourth quarter of 2007. A total of 55 restaurants were opened in Canada during the quarter.

For the full year, Canadian same-store sales growth also rose 4.4%, of which pricing contributed about 3.4%. Operating income in 2008 was $507.0 million, an increase of 8.4% compared to $467.9 million in 2007. A total of 130 restaurants were opened in Canada during 2008.

United States

Same-store sales in the fourth quarter in the U.S. segment had a slight decline of 0.1%. A rapid deterioration of the macro-economic climate and consumer confidence in the U.S. contributed to another challenging quarter in terms of the sales environment for our U.S. business, where the Tim Hortons brand is not as developed. Proactive changes in menu promotional activities made during the quarter, including offering product combos and bundles with attractive price points, helped offset the impact of a challenging environment. We experienced a decline in transactions in the fourth quarter in the U.S. segment as pricing increases did not fully translate into sales growth. Previous pricing contributed approximately 3.2% to fourth quarter sales.

The U.S. segment had an operating loss of $21.3 million in the fourth quarter, which was driven entirely by the $21.3 million in asset impairment and related closure costs. Currency translation raised U.S. segment revenues and costs by approximately 15% respectively during the quarter compared to the same period in 2007. A total of 106 locations were opened in the U.S. during the quarter.

For the full year, same-store sales increased 0.8% in the U.S. business. Pricing accounted for approximately 2.2% of same-store sales. The U.S. segment had an operating loss of $26.5 million in 2008, which includes the $21.3 million asset impairment and related restaurant closure charges. Management is targeting 2009 break-even operating income performance on a full year basis in its U.S. segment (see 2009 Outlook and Targets).

A total of 136 locations were opened in the U.S. for the full year. Of this full-year total, 87 were non-standard units, including 73 self-serve locations. We entered into an agreement with Tops Friendly Markets that resulted in approximately 80 predominantly self-serve and some full-serve units being opened in New York and Pennsylvania. The Company intends to complement its ongoing standard restaurant expansion with increased penetration of non-standard units and strategic alliances. In December of 2008 we held grand opening celebrations in Detroit, Michigan for the Company's 500th restaurant in the U.S., a significant milestone in our ongoing brand growth and development. The Company also recently announced a co-branding test with Cold Stone Creamery which will see up to 50 locations from each chain transition to offer branded products of the other company.

Internationally, in Ireland and the U.K., there are now 293 licensed locations primarily under the Tim Hortons brand, in the convenience store channel.

Corporate Developments

Corporate Structure

The Company commenced a review in the fourth quarter, with the support of external advisors, to assess various opportunities related to our corporate structure. This review is focused on tax and operational efficiencies and also addresses changes to the Canada-U.S. tax treaty ratified in December of 2008 which, if not addressed, could negatively affect our effective tax rate.

This review was undertaken as a result of the expiry of time constraints under U.S. tax rules and the tax sharing agreement we entered into at the time of our IPO that limited our ability to engage in certain acquisitions, reorganizations and other transactions that could have affected the tax-free nature of the spin-off from Wendy's. Now that the time constraints have expired, we believe that opportunities may exist for us to achieve significant financial and other benefits from reorganizing our corporate structure, including potentially converting our parent company from a U.S. to a Canadian corporation. Tim Hortons has its roots and heritage in Canada. Based on the evaluations that we have conducted thus far, and which are ongoing, we believe that such an event would be in the best interest of our shareholders, driving long-term value by bringing our effective tax rates closer to Canadian statutory rates. We would also expect to incur certain charges for discrete items, the majority of which would be non-cash, and transactional costs in the year of implementation. If we were to implement such a transaction in 2009, the impact of the charges and costs would result in our 2009 targeted tax rate exceeding the identified range (see 2009 Outlook and Targets) and, potentially, could cause our targeted operating income to fall below the expected range. There can be no assurance that we will be able to complete a reorganization of our Company or any other transaction for that matter or that the expected benefits will ultimately be realized, given the various assessments, conditions, and approvals that remain outstanding in connection with the initiatives described above.

Board of Directors Appointment

The Board has appointed Catherine L. Williams as a director of the Company effective March 1, 2009. Ms. Williams has been a Managing Director of Options Capital Limited, a private investment company, since 2007. From 2003 to 2007, Ms. Williams was Chief Financial Officer for Shell Canada Limited, a subsidiary of Royal Dutch Shell. From 1984 to 2003, Ms. Williams held various positions with Shell Canada Limited, Shell Europe Oil Products, Shell Canada Oil Products and Shell International. Prior to 1984, Ms. Williams was a financial analyst for Nova Corporation and held various positions with the Bank of Canada prior to joining the Shell companies. Ms. Williams currently serves as a director for Enbridge Inc. where she is a member of the Audit, Financial and Risk Committee and the Corporate Social Responsibility Committee. She is also the Chair of the Board of Governors of Mount Royal College, and she serves on the Advisory board for the Dean of the Business School at Queen's University. In 2008, she served as a member of the Federal Government Advisory Panel on Canada's System of International Taxation. She is a graduate of the University of Western Ontario and Queen's University.

$200 million Share Repurchase Program

The Company plans to implement its previously announced 12-month share repurchase program starting in March 2009. The share repurchase program reflects the Company's focus of creating value for shareholders and our strong cash flow and financial position. The new program is subject to receipt of final regulatory approval, and represents a planned allocation of up to $200 million, or a maximum of 5%, of the Company's outstanding shares. For details on the new program, please refer to the news release issued today in conjunction with this earnings release. Shares purchased under the program will be at management's discretion, in compliance with regulatory requirements, given prevailing market conditions and cost considerations, unlike the previous program which included a 10b5-1 program. If a subsequent decision is made to proceed with changes to the Company's corporate structure, timing of share repurchases could be affected, including potentially deferring future purchases subsequent to the first quarter until after a transaction is implemented.

Dividend declared, and 11.1% increase to quarterly dividend approved to $0.10 per share

The Board of Directors has approved an increase in the quarterly dividend to $0.10 per share and the first payment of a dividend at the new rate is payable on March 17th, 2009 to shareholders of record as of March 3rd, 2009. The Company's current dividend policy is to pay a total of 20-25% of prior year, normalized annual net earnings in dividends each year, returning value to shareholders based on the Company's earnings growth.

Dividends are paid in Canadian dollars to all shareholders with Canadian resident addresses whose shares are registered with Computershare (the Company's transfer agent). For all other shareholders, including all shareholders who hold their shares indirectly (i.e., through their broker) and regardless of country of residence, the dividend will be converted to U.S. dollars on March 10th, 2009 at the daily noon rate established by the Bank of Canada and paid in U.S. dollars on March 17th, 2009.

2009 Outlook & Targets

"In 2009 we plan to maximize opportunities presented in the current economic conditions to expand our Canadian restaurant footprint in successful growth markets while we take a prudent approach to U.S. development given the significant economic challenges. We are focusing our efforts on more established U.S. markets and complementing our approach with strategic opportunities to create additional brand penetration and scale with reduced capital requirements. We have created a menu and marketing program responsive to the economic realities of our customers and we continue to be relatively well positioned overall due to our price and value brand position," said Don Schroeder, president and CEO.

The Company has established the following 2009 performance targets*:

- Operating income growth of 11% to 13% (targeted rate of growth is 6% to 8% excluding the impact of the asset impairment and related closure costs in 2008)
    - Includes approximately 1% positive impact of 53rd week in 2009
    - Break-even operating income performance in U.S. segment on a full-year basis
- 2009 same-store sales growth of 3% to 5% in Canada and 0% to 2% in the U.S.
- 150 to 180 restaurant openings:
    - 120 to 140 restaurants in Canadian segment
    - 30 to 40 full-serve restaurants in the U.S. segment, complemented by non-standard locations and sites from strategic alliances
- Capital expenditures between $180 million to $200 million
- Effective tax rate of 32% to 34%.

*Note: If implemented in 2009, a new corporate structure could have a significant negative impact on the 2009 effective tax rate due to discrete items, the majority of which are expected to be non-cash, and our operating income growth could be affected by transaction costs. However, our effective tax rate would be positively impacted in 2010 and beyond as our effective tax rate approaches Canadian statutory rates. Implications of changes to the tax treaty between Canada and the United States could negatively impact our effective tax rate for 2010 and future years if not addressed through reorganization or other means.

These financial targets are for 2009 only. These targets are forward-looking and are based on our expectations and outlook and shall be effective only as of the date the targets were originally issued. Except as required by applicable securities laws, we do not intend to update our annual financial targets. These targets and our performance generally are subject to various risks and uncertainties ("risk factors") which may impact future performance and our achievement of these targets. Refer to our safe harbor statement, which incorporates by reference our "risk factors," set forth at the end of this release, and our Annual Report on Form 10-K for 2007 and for 2008 (to be issued on February 26, 2009).

Disclosure on Non-GAAP Financial Measure

Adjusted operating income is a non-GAAP measure. Presentation of this non-GAAP measure is made with operating income, the most directly comparable U.S. GAAP measure. Management believes that pro forma adjusted operating income information is important for comparison purposes to prior periods and for purposes of evaluating management's operating earnings performance compared to target for 2008, which excludes the asset impairment and related closure costs described above and a previously disclosed management restructuring charge, net of savings. The Company evaluates its business performance and trends excluding amounts related to such items. Therefore, this measure provides a more consistent view of management's perspectives on underlying performance and is more relevant for comparison purposes between periods than the closest equivalent U.S. GAAP measure.

Table 1 Pro forma: Adjusted operating income to U.S. GAAP reconciliation

Quarter Ended	**Q4 2008**	**Q4 2007**	**% Change**
Reported Operating Income	$ 107.9	$ 116.2	**(7.2)%**
Add: Asset impairment and related closure costs	21.3	—	**N / M**
Adjusted Operating Income	$ 129.1	$ 116.2	**11.1%**

Year Ended	**Full Year 2008**	**Full Year 2007**	**% Change**
Reported Operating Income	$ 443.6	$ 425.1	**4.3%**
Add: Asset impairment and related closure costs	21.3	$ —	**N / M**
Add: Management restructuring costs, net of savings(4)	2.5	$ —	**N / M**
Adjusted Operating Income	$ 467.4	$ 425.1	**9.9%**

(4) Originally disclosed as $3.1 million, which did not include savings of $0.6 million realized in fiscal 2008.

($ in millions, all numbers rounded.) N / M – Not Meaningful

Tim Hortons to host conference call at 10:30 a.m. today, February 20th, 2009

Tim Hortons will host a conference call to discuss its fourth quarter and year-end results beginning at 10:30 a.m. Eastern Standard Time (EST) on Friday, February 20th, 2009. Investors and the public may listen to the conference call by calling (416) 641-6712 or 1 (800) 354-6885 (no access code required), or through simultaneous webcast by visiting the investor relations website at www.timhortons-invest.com, and clicking on the "Events and Presentations" tab. A slide presentation will be available to coincide with the conference call on this site. A replay of the call will be available for one year and can be accessed by calling (416) 626-4100 or 1-800-558-5253. The reservation number for the replay of the call is 21412008.

Safe Harbor Statement

Certain information in this news release, particularly information regarding our 2009 performance targets as well as other information regarding future economic performance, finances, and plans, expectations and objectives of management, is forward-looking as contemplated under the Private Securities Litigation Reform Act of 1995. Various factors including those described as "risk factors" in the Company's 2007 Annual Report on Form 10-K, filed February 26, 2008, and in our 2008 Annual Report on Form 10-K to be filed February 26, 2009, and those risk factors set forth in our Safe Harbor Statement, as well as other possible factors not listed or described in the foregoing, 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. Except as required by federal or provincial securities laws, the Company undertakes no obligation to publicly release any revisions to the forward-looking statements contained in this release, or to update them to reflect events or circumstances occurring after the date of this release, or to reflect the occurrence of unanticipated events, even if new information, future events or other circumstances have made the forward-looking statements incorrect or misleading. Please review the Company's Safe Harbor Statement at timhortons.com/en/about/safeharbor.html.

(3) Total systemwide sales growth includes restaurant level sales at both Company and Franchise restaurants. Approximately 99% of our system is franchised as at December 28, 2008. Systemwide sales growth is determined using a constant exchange rate, where noted, to exclude the effects of foreign currency translation. U.S. dollar sales are converted to Canadian dollar amounts using the average exchange rate of the base year for the period covered. For the fourth quarter of 2008, systemwide sales growth was up 8.2% compared to the fourth quarter of 2007, or 9.5% without holding currency constant. Systemwide sales are important to understanding our business performance as they impact our franchise royalties and rental income, as well as our distribution income. Changes in systemwide sales are driven by changes in average same store-sales and changes in the number of systemwide restaurants.

Tim Hortons Inc. Overview

Tim Hortons is the fourth largest publicly-traded quick service restaurant chain in North America based on market capitalization, and the largest in Canada. Tim Hortons appeals to a broad range of consumer tastes, with a menu that includes coffee and donuts, premium coffees, flavored cappuccinos, specialty teas, home-style soups, fresh sandwiches and fresh baked goods. As of December 28, 2008, Tim Hortons had 3,437 systemwide restaurants, including 2,917 in Canada and 520 in the United States. More information about the Company is available at www.timhortons.com.

For Further information:

Investors: Scott Bonikowsky, (905) 339-6186 or investor_relations@timhortons.com
Media: Diane Slopek-Weber, (905) 339-6229 or slopek-weber_diane@timhortons.com

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars, except share and per share data)

	(Unaudited) Fourth Quarter Ended			
	December 28, 2008	**December 30, 2007**	**$ Change**	**% Change**
REVENUES				
Sales	$ 372,055	$ 335,210	$36,845	11.0%
Franchise revenues				
Rents and royalties	157,230	142,638	14,592	10.2%
Franchise fees	34,404	37,596	(3,192)	(8.5)%
	191,634	180,234	11,400	6.3%
TOTAL REVENUES	563,689	515,444	48,245	9.4%
COSTS AND EXPENSES				
Cost of sales	322,558	293,829	28,729	9.8%
Operating expenses	58,378	52,272	6,106	11.7%
Franchise fee costs	29,458	33,168	(3,710)	(11.2)%
General & administrative expenses	33,850	29,098	4,752	16.3%
Equity (income)	(10,490)	(9,587)	(903)	9.4%
Asset impairment and related closure costs	21,266	—	21,266	N/M
Other expense (income), net	804	437	367	N/M
TOTAL COSTS & EXPENSES, NET	455,824	399,217	56,607	14.2%
OPERATING INCOME	107,865	116,227	(8,362)	(7.2)%
Interest (expense)	(5,950)	(6,236)	286	(4.6)%
Interest income	906	2,268	(1,362)	(60.1)%
INCOME BEFORE INCOME TAXES	102,821	112,259	(9,438)	(8.4)%
INCOME TAXES	33,694	36,589	(2,895)	(7.9)%
NET INCOME	$ 69,127	$ 75,670	$ (6,543)	(8.6)%
Basic earnings per share of common stock	$ 0.38	$ 0.41	$ (0.02)	(5.9)%
Diluted earnings per share of common stock	$ 0.38	$ 0.40	$ (0.02)	(5.9)%
Basic shares of common stock (in thousands)	181,261	186,712	(5,451)	(2.9)%
Diluted shares of common stock (in thousands)	181,443	186,956	(5,514)	(2.9)%
Dividends per share of common stock	$ 0.09	$ 0.07	$ 0.02	

N/M - not meaningful
(all numbers rounded)

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars, except share and per share data)

	(Unaudited) Year Ended December 28, 2008	Year Ended December 30, 2007	$ Change	% Change
REVENUES				
Sales	$ 1,348,015	$ 1,248,574	$ 99,441	8.0%
Franchise revenues				
Rents and royalties	601,870	553,441	48,429	8.8%
Franchise fees	93,808	93,835	(27)	(0.0)%
	695,678	647,276	48,402	7.5%
TOTAL REVENUES	2,043,693	1,895,850	147,843	7.8%
COSTS AND EXPENSES				
Cost of sales	1,180,998	1,099,248	81,750	7.4%
Operating expenses	216,605	201,153	15,452	7.7%
Franchise fee costs	87,486	87,077	409	0.5%
General & administrative expenses	130,846	119,416	11,430	9.6%
Equity (income)	(37,282)	(38,460)	1,178	(3.1)%
Asset impairment and related closure costs	21,266	—	21,266	N/M
Other expense (income), net	208	2,307	(2,099)	N/M
TOTAL COSTS & EXPENSES, NET	1,600,127	1,470,741	129,386	8.8%
OPERATING INCOME	443,566	425,109	18,457	4.3%
Interest (expense)	(24,558)	(24,118)	(440)	1.8%
Interest income	4,926	7,411	(2,485)	(33.5)%
INCOME BEFORE INCOME TAXES	423,934	408,402	15,532	3.8%
INCOME TAXES	139,256	138,851	405	0.3%
NET INCOME	$ 284,678	$ 269,551	$ 15,127	5.6%
Basic earnings per share of common stock	$ 1.55	$ 1.43	$ 0.12	8.6%
Diluted earnings per share of common stock	$ 1.55	$ 1.43	$ 0.12	8.6%
Basic shares of common stock (in thousands)	183,298	188,465	(5,167)	(2.7)%
Diluted shares of common stock (in thousands)	183,492	188,759	(5,267)	(2.8)%
Dividends per share of common stock	$ 0.36	$ 0.28	$ 0.08	

N/M - not meaningful
(all numbers rounded)

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	December 28, 2008	December 30, 2007
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 101,636	$ 157,602
Restricted cash and cash equivalents	62,329	37,790
Accounts receivable, net	159,505	104,889
Notes receivable, net	22,615	10,824
Deferred income taxes	19,760	11,176
Inventories and other, net	71,505	60,281
Advertising fund restricted assets	27,684	20,256
Total current assets	465,034	402,818
Property and equipment, net	1,332,852	1,203,259
Notes receivable, net	17,645	17,415
Deferred income taxes	29,285	23,501
Intangible assets, net	2,606	3,145
Equity investments	132,364	137,177
Other assets	12,841	9,816
Total assets	$1,992,627	$1,797,131

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	December 28, 2008	December 30, 2007
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 157,210	$ 133,412
Accrued liabilities:		
Salaries and wages	18,492	17,975
Taxes	25,605	34,522
Other	110,518	95,777
Advertising fund restricted liabilities	47,544	39,475
Current portion of long-term obligations	6,691	6,137
Total current liabilities	366,060	327,298
Long-term liabilities		
Term debt	332,506	327,956
Advertising fund restricted debt	6,929	14,351
Capital leases	59,052	52,524
Deferred income taxes	13,604	16,295
Other long-term liabilities	74,072	56,624
Total long-term liabilities	486,163	467,750
Stockholders' equity		
Common stock, (US$0.001 par value per share)		
Authorized: 1,000,000,000 shares		
Issued: 193,302,977 shares	289	289
Capital in excess of par value	929,102	931,084
Treasury stock, at cost: 11,754,201 and 6,750,052 shares, respectively	(399,314)	(235,155)
Common stock held in trust, at cost: 358,186 and 421,344 shares, respectively	(12,287)	(14,628)
Retained earnings	677,550	458,958
Accumulated other comprehensive loss	(54,936)	(138,465)
Total stockholders' equity	1,140,404	1,002,083
Total liabilities and stockholders' equity	$1,992,627	$1,797,131

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars)

	Year Ended December 28, 2008 (Unaudited)	Year Ended December 30, 2007
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 284,678	$ 269,551
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	91,278	83,595
Asset impairment and related closure costs	21,266	—
Stock-based compensation expense	9,630	8,560
Equity income, net of cash dividends	4,519	1,448
Deferred income taxes	(13,714)	(7,097)
Changes in operating assets and liabilities		
Restricted cash and cash equivalents	(23,820)	(37,790)
Accounts and notes receivable	(51,235)	3,171
Inventories and other	(3,708)	(8,323)
Accounts payable and accrued liabilities	22,723	58,461
Amounts receivable from (payable to) Wendy's	—	406
Other, net	14,398	21,994
Net cash provided from operating activities	356,015	393,976
CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		
Capital expenditures	(174,247)	(175,541)
Purchase of restricted investments	(11,881)	—
Proceeds from sale of restricted investments	12,000	—
Principal payments on notes receivable	3,939	6,791
Investments in joint ventures and other investments	823	596
Other investing activities	(14,241)	(11,697)
Net cash used in investing activities	(183,607)	(179,851)
CASH FLOWS (USED IN) PROVIDED FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(165,258)	(170,604)
Dividend payments	(66,086)	(52,865)
Purchase of common stock held in trust	(3,842)	(7,202)
Purchase of common stock for settlement of stock-based compensation	(226)	(110)
Proceeds from issuance of debt, net of issuance costs	3,796	2,588
Tax sharing payment from Wendy's	—	9,116
Principal payments on other long-term debt obligations	(7,376)	(4,060)
Net cash used in financing activities	(238,992)	(223,137)
Effect of exchange rate changes on cash	10,618	(9,469)
Decrease in cash and cash equivalents	(55,966)	(18,481)
Cash and cash equivalents at beginning of year	157,602	176,083
Cash and cash equivalents at end of year	$ 101,636	$ 157,602

TIM HORTONS INC. AND SUBSIDIARIES
SEGMENT REPORTING
(In thousands of Canadian dollars)

(Unaudited)

	Fourth Quarter Ended			
	December 28, 2008	% of Total	December 30, 2007	% of Total
REVENUES				
Canada	$ 510,787	90.6%	$ 474,221	92.0%
U.S.	52,902	9.4%	41,223	8.0%
Total Revenues	$ 563,689	100.0%	$ 515,444	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 137,146	118.4%	$ 126,165	100.4%
U.S. (*)	(21,300)	(18.4)%	(477)	(0.4)%
Reportable Segment Operating Income	115,846	100.0%	125,688	100.0%
Corporate Charges	(7,981)		(9,461)	
Consolidated Operating Income	107,865		116,227	
Interest, net	(5,044)		(3,968)	
Income taxes	(33,694)		(36,589)	
Net Income	$ 69,127		$ 75,670	

	Year Ended			
	December 28, 2008	% of Total	December 30, 2007	% of Total
REVENUES				
Canada	$ 1,879,799	92.0%	$ 1,741,372	91.9%
U.S.	163,894	8.0%	154,478	8.1%
Total Revenues	$ 2,043,693	100.0%	$ 1,895,850	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 507,006	105.5%	$ 467,884	101.0%
U.S. (*)	(26,488)	(5.5)%	(4,804)	(1.0)%
Reportable Segment Operating Income	480,518	100.0%	463,080	100.0%
Corporate Charges	(36,952)		(37,971)	
Consolidated Operating Income	443,566		425,109	
Interest, net	(19,632)		(16,707)	
Income taxes	(139,256)		(138,851)	
Net Income	$ 284,678		$ 269,551	

(*) Fourth quarter and full year 2008 U.S. segment operating income includes $21,266 of asset impairment and related restaurant closure costs.

	Fourth Quarter Ended			
	December 28, 2008	December 30, 2007	$ Change	% Change
Sales is comprised of:				
Warehouse sales	$ 331,770	$ 290,298	$ 41,472	14.3%
Company-operated restaurant sales	6,717	12,478	(5,761)	(46.2)%
Sales from restaurants consolidated under FIN 46R	33,568	32,434	1,134	3.5%
	$ 372,055	$ 335,210	$ 36,845	11.0%

	Year Ended			
	December 28, 2008	December 30, 2007	$ Change	% Change
Sales is comprised of:				
Warehouse sales	$ 1,173,738	$ 1,067,106	$ 106,632	10.0%
Company-operated restaurant sales	38,327	56,161	(17,834)	(31.8)%
Sales from restaurants consolidated under FIN 46R	135,950	125,307	10,643	8.5%
	$ 1,348,015	$ 1,248,574	$ 99,441	8.0%

TIM HORTONS INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANT COUNT

	As of December 28, 2008	As of September 28, 2008	Increase/ (Decrease) From Prior Quarter	As of December 30, 2007	Increase/ (Decrease) From Prior Year
Tim Hortons					
Canada					
Company-operated	15	13	2	30	(15)
Franchised	2,902	2,857	45	2,793	109
	2,917	2,870	47	2,823	94
% Franchised	*99.5 %*	*99.5 %*		*98.9 %*	
U.S.					
Company-operated	19	30	(11)	42	(23)
Franchised	501	394	107	356	145
	520	424	96	398	122
% Franchised	*96.3 %*	*92.9 %*		*89.4 %*	
Total Tim Hortons					
Company-operated	34	43	(9)	72	(38)
Franchised	3,403	3,251	152	3,149	254
	3,437	3,294	143	3,221	216
% Franchised	*99.0 %*	*98.7 %*		*97.8 %*	

TIM HORTONS INC. AND SUBSIDIARIES
Income Statement Definitions

Sales	Primarily includes sales of products, supplies and restaurant equipment (except for initial equipment packages sold to franchisees as part of the establishment of their restaurant's business - see "Franchise Fees") that are shipped directly from our warehouses or by third party distributors to the restaurants, which we include in warehouse or distribution sales. Sales include canned coffee sales through the grocery channel. Sales also include sales from Company-operated restaurants and sales from restaurants that are consolidated in accordance with FIN 46R.
Rents and Royalties	Includes franchisee royalties and rental revenues.
Franchise Fees	Includes the sales revenue from initial equipment packages, as well as fees for various costs and expenses related to establishing a franchisee's business.
Cost of Sales	Includes costs associated with our distribution business, including cost of goods, direct labour and depreciation, as well as the cost of goods delivered by third-party distributors to the restaurants, and for canned coffee sold through grocery stores. Cost of sales also includes food, paper and labour costs for Company-operated restaurants and restaurants that are consolidated in accordance with FIN 46R.
Operating Expenses	Includes rent expense related to properties leased to franchisees and other property-related costs (including depreciation).
Franchise fee costs	Includes costs of equipment sold to franchisees as part of the commencement of their restaurant business, as well as training and other costs necessary to ensure a successful restaurant opening.
General and Administrative	Includes costs that cannot be directly related to generating revenue, including expenses associated with our corporate and administrative functions, allocation of expenses related to corporate functions, depreciation of office equipment, the majority of our information technology systems, and head office real estate.
Equity Income	Includes income from equity investments in joint ventures and other minority investments over which we exercise significant influence. Equity income from these investments is considered to be an integrated part of our business operations and is, therefore, included in operating income. Income amounts are shown as reductions to total costs and expenses.
Asset Impairment and related closure costs	Represents non-cash charges relating to the impairment of long-lived assets. It also includes costs related to restaurant closures made outside of the normal course of operations.
Other Expense (Income), Net	Includes expenses (income) that are not directly derived from the Company's primary businesses. Items include currency adjustments, gains and losses on asset sales, minority interest related to the consolidation of restaurants pursuant to FIN 46R, and other asset write-offs.
Comprehensive Income	Represents the change in our net assets during the reporting period from transactions and other events and circumstances from non-owner sources. It includes net income and other comprehensive income such as foreign currency translation adjustments and the impact of cash flow hedges.