

**TIM HORTONS INC. AND SUBSIDIARIES**

**Consolidated Statement of Equity  
(in thousands of Canadian dollars)**

	Year ended		
	January 2, 2011	January 3, 2010	December 28, 2008
<b>Common shares</b>			
Balance at beginning of year	\$ 502,872	\$ 0	\$ 0
Converted from common stock (note 17)	0	513,318	0
Repurchase of common shares	(18,822)	(10,446)	0
Balance at end of year	<u>\$ 484,050</u>	<u>\$ 502,872</u>	<u>\$ 0</u>
<b>Common stock</b>			
Balance at beginning of year	\$ 0	\$ 289	\$ 289
Converted to common shares (note 17)	0	(289)	0
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 289</u>
<b>Capital in excess of par value</b>			
Balance at beginning of year	\$ 0	\$ 929,102	\$ 931,084
Stock-based compensation	0	(322)	(1,982)
Converted to common shares (note 17)	0	(928,780)	0
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 929,102</u>
<b>Treasury stock (note 17)</b>			
Balance at beginning of year	\$ 0	\$ (399,314)	\$ (235,155)
Purchased during the year	0	(16,701)	(165,258)
Reissued during the year (note 18)	0	264	1,099
Cancelled and retired during the year (note 17)	0	415,751	0
Balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (399,314)</u>
<b>Common shares held in Trust (note 18)</b>			
Balance at beginning of year	\$ (9,437)	\$ (12,287)	\$ (14,628)
Purchased during the year	(3,252)	(713)	(3,842)
Disbursed or sold from Trust during the year (notes 17 and 18)	3,147	3,563	6,183
Balance at end of year	<u>\$ (9,542)</u>	<u>\$ (9,437)</u>	<u>\$ (12,287)</u>
<b>Retained earnings</b>			
Balance at beginning of year	\$ 796,235	\$ 677,550	\$ 458,958
Net income attributable to Tim Hortons Inc.	623,959	296,367	284,678
Dividends	(90,304)	(72,506)	(66,086)
Stock-based compensation	(235)	(2,221)	0
Repurchase of common shares—excess of stated value (note 17)	(223,773)	(102,955)	0
Balance at end of year	<u>\$1,105,882</u>	<u>\$ 796,235</u>	<u>\$ 677,550</u>
<b>Accumulated other comprehensive loss</b>			
Balance at beginning of year	\$ (120,061)	\$ (55,348)	\$ (138,465)
Other comprehensive income (loss)	(23,528)	(64,713)	83,117
Balance at end of year	<u>\$ (143,589)</u>	<u>\$ (120,061)</u>	<u>\$ (55,348)</u>
<b>Total equity of Tim Hortons Inc.</b>	<u>\$1,436,801</u>	<u>\$1,169,609</u>	<u>\$1,139,992</u>
<b>Noncontrolling interests</b>			
Balance at beginning of year	\$ 86,077	\$ 91,811	\$ 93,353
Net income attributable to noncontrolling interests	23,159	23,445	23,828
Capital contributions from noncontrolling interests	0	1,305	0
Sale of interest in Maidstone Bakeries	(81,071)	0	0
Distributions and other to noncontrolling interests	(22,524)	(30,484)	(25,370)
Balance at end of year	<u>\$ 5,641</u>	<u>\$ 86,077</u>	<u>\$ 91,811</u>
<b>Total equity</b>	<u>\$1,442,442</u>	<u>\$1,255,686</u>	<u>\$1,231,803</u>

See Accompanying Notes to the Consolidated Financial Statements.