

TIM HORTONS INC. AND SUBSIDIARIES
Consolidated Statement of Operations
(in thousands of Canadian dollars, except per share data)

	Year ended		
	January 2, 2011	January 3, 2010	December 28, 2008
Revenues			
Sales	\$1,755,244	\$1,704,065	\$1,541,882
Franchise revenues			
Rents and royalties	687,039	644,755	593,483
Franchise fees	94,212	90,033	93,808
	<u>781,251</u>	<u>734,788</u>	<u>687,291</u>
Total revenues	<u>2,536,495</u>	<u>2,438,853</u>	<u>2,229,173</u>
Costs and expenses			
Cost of sales	1,527,405	1,464,844	1,313,036
Operating expenses	246,335	236,784	214,935
Franchise fee costs	91,743	86,903	87,486
General and administrative expenses	147,300	141,739	130,846
Equity (income) (note 11)	(14,649)	(13,700)	(14,279)
Asset impairment and related closure costs (note 3)	28,298	0	21,266
Other (income), net	(1,100)	(3,319)	(2,564)
	<u>2,025,332</u>	<u>1,913,251</u>	<u>1,750,726</u>
Total costs and expenses, net	<u>2,025,332</u>	<u>1,913,251</u>	<u>1,750,726</u>
Gain on sale of interest in Maidstone Bakeries (note 4)	361,075	0	0
Operating income	872,238	525,602	478,447
Interest (expense)	(26,642)	(21,134)	(24,558)
Interest income	2,462	1,950	4,926
	<u>848,058</u>	<u>506,418</u>	<u>458,815</u>
Income before income taxes	848,058	506,418	458,815
Income taxes (note 7)	200,940	186,606	150,309
	<u>647,118</u>	<u>319,812</u>	<u>308,506</u>
Net income	647,118	319,812	308,506
Net income attributable to noncontrolling interests	23,159	23,445	23,828
Net income attributable to Tim Hortons Inc.	<u>\$ 623,959</u>	<u>\$ 296,367</u>	<u>\$ 284,678</u>
Basic earnings per common share attributable to			
Tim Hortons Inc. (note 2)	<u>\$ 3.59</u>	<u>\$ 1.64</u>	<u>\$ 1.55</u>
Diluted earnings per common share attributable to			
Tim Hortons Inc. (note 2)	<u>\$ 3.58</u>	<u>\$ 1.64</u>	<u>\$ 1.55</u>
Weighted average number of common shares outstanding – Basic			
(in thousands) (note 2)	<u>174,035</u>	<u>180,477</u>	<u>183,298</u>
Weighted average number of common shares outstanding – Diluted			
(in thousands) (note 2)	<u>174,215</u>	<u>180,609</u>	<u>183,492</u>
Dividends per common share	<u>\$ 0.52</u>	<u>\$ 0.40</u>	<u>\$ 0.36</u>

See Accompanying Notes to the Consolidated Financial Statements.