

TIM HORTONS INC. AND SUBSIDIARIES

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

	Year ended		
	January 3, 2010	December 28, 2008	December 30, 2007
Common shares			
Balance at beginning of year	\$ —	\$ —	\$ —
Converted from common stock (note 17)	513,318	—	—
Repurchase of common shares	(10,446)	—	—
Balance at end of year	<u>\$ 502,872</u>	<u>\$ —</u>	<u>\$ —</u>
Common stock			
Balance at beginning of year	\$ 289	\$ 289	\$ 289
Converted to common shares (note 17)	(289)	—	—
Balance at end of year	<u>\$ —</u>	<u>\$ 289</u>	<u>\$ 289</u>
Capital in excess of par value			
Balance at beginning of year	\$ 929,102	\$ 931,084	\$ 918,043
Stock-based compensation	(322)	(1,982)	3,925
Tax sharing payment from Wendy's	—	—	9,116
Converted to common shares (note 17)	(928,780)	—	—
Balance at end of year	<u>\$ —</u>	<u>\$ 929,102</u>	<u>\$ 931,084</u>
Treasury stock (note 17)			
Balance at beginning of year	\$ (399,314)	\$ (235,155)	\$ (64,971)
Purchased during the year	(16,701)	(165,258)	(170,604)
Reissued during the year (note 18)	264	1,099	420
Cancelled and retired during the year (note 17)	415,751	—	—
Balance at end of year	<u>\$ —</u>	<u>\$ (399,314)</u>	<u>\$ (235,155)</u>
Common shares held in Trust (note 17)			
Balance at beginning of year	\$ (12,287)	\$ (14,628)	\$ (9,171)
Purchased during the year	(713)	(3,842)	(7,202)
Disbursed or sold from Trust during the year (note 18)	3,563	6,183	1,745
Balance at end of year	<u>\$ (9,437)</u>	<u>\$ (12,287)</u>	<u>\$ (14,628)</u>
Retained earnings			
Balance at beginning of year	\$ 677,550	\$ 458,958	\$ 248,980
Opening adjustment – adoption of ASC 740-10 (formerly FIN 48) (note 6)	—	—	(6,708)
Adjusted opening retained earnings	677,550	458,958	242,272
Net income attributable to Tim Hortons Inc.	296,367	284,678	269,551
Dividends	(72,506)	(66,086)	(52,865)
Repurchase of common shares – excess of stated value (note 17)	(105,176)	—	—
Balance at end of year	<u>\$ 796,235</u>	<u>\$ 677,550</u>	<u>\$ 458,958</u>
Accumulated other comprehensive loss			
Balance at beginning of year	\$ (54,936)	\$ (138,465)	\$ (74,766)
Other comprehensive income/(loss)	(65,690)	83,529	(63,699)
Balance at end of year	<u>\$ (120,626)</u>	<u>\$ (54,936)</u>	<u>\$ (138,465)</u>
Total Equity of Tim Hortons Inc.	<u>\$1,169,044</u>	<u>\$1,140,404</u>	<u>\$1,002,083</u>
Noncontrolling interests			
Balance at beginning of year	\$ 1,605	\$ 2,361	\$ 2,183
Net income attributable to noncontrolling interests	1,511	2,216	2,361
Distributions and other to noncontrolling interests	(1,222)	(2,972)	(2,183)
Balance at end of year	<u>\$ 1,894</u>	<u>\$ 1,605</u>	<u>\$ 2,361</u>
Total equity	<u><u>\$1,170,938</u></u>	<u><u>\$1,142,009</u></u>	<u><u>\$1,004,444</u></u>

See Accompanying Notes to the Consolidated Financial Statements.