

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

	Year ended		
	January 3, 2010	December 28, 2008	December 30, 2007
Revenues			
Sales	\$1,494,196	\$1,348,015	\$1,248,574
Franchise revenues			
Rents and royalties	657,909	601,870	553,441
Franchise fees	90,033	93,808	93,835
	<u>747,942</u>	<u>695,678</u>	<u>647,276</u>
Total revenues	<u>2,242,138</u>	<u>2,043,693</u>	<u>1,895,850</u>
Costs and expenses			
Cost of sales	1,318,576	1,180,998	1,099,248
Operating expenses	238,791	216,605	201,153
Franchise fee costs	86,903	87,486	87,077
General and administrative expenses	141,739	130,846	119,416
Equity (income) (note 11)	(35,963)	(37,282)	(38,460)
Asset impairment and related closure costs (note 3)	—	21,266	—
Other (income), net	(3,319)	(2,564)	(644)
	<u>1,746,727</u>	<u>1,597,355</u>	<u>1,467,790</u>
Total costs and expenses, net	<u>1,746,727</u>	<u>1,597,355</u>	<u>1,467,790</u>
Operating income	495,411	446,338	428,060
Interest (expense)	(21,220)	(24,558)	(24,118)
Interest income	1,950	4,926	7,411
	<u>476,141</u>	<u>426,706</u>	<u>411,353</u>
Income before income taxes	<u>476,141</u>	<u>426,706</u>	<u>411,353</u>
Income taxes (note 6)	178,263	139,812	139,441
	<u>297,878</u>	<u>286,894</u>	<u>271,912</u>
Net income	<u>297,878</u>	<u>286,894</u>	<u>271,912</u>
Net income attributable to noncontrolling interests	1,511	2,216	2,361
Net income attributable to Tim Hortons Inc.	<u>\$ 296,367</u>	<u>\$ 284,678</u>	<u>\$ 269,551</u>
Basic earnings per common share attributable to			
Tim Hortons Inc. (note 2)	<u>\$ 1.64</u>	<u>\$ 1.55</u>	<u>\$ 1.43</u>
Diluted earnings per common share attributable to			
Tim Hortons Inc. (note 2)	<u>\$ 1.64</u>	<u>\$ 1.55</u>	<u>\$ 1.43</u>
Weighted average number of common shares outstanding – Basic			
(in thousands) (note 2)	<u>180,477</u>	<u>183,298</u>	<u>188,465</u>
Weighted average number of common shares outstanding –			
Diluted (in thousands) (note 2)	<u>180,609</u>	<u>183,492</u>	<u>188,759</u>
Dividends per common share	<u>\$ 0.40</u>	<u>\$ 0.36</u>	<u>\$ 0.28</u>

See Accompanying Notes to the Consolidated Financial Statements.