

Tim Hortons Inc.

Investor Presentation



Safe Harbor Statement

Certain statements in this presentation and our response to various questions may constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities law. Such forward-looking statements are based on current expectations and involve certain risks and uncertainties. Actual results might differ materially from those projected in the forward-looking statements. In some cases, information regarding certain important factors that could cause actual results to differ materially from any such forward-looking statement appears or is discussed together with such statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in the most recent Form 10-K filed March 9, 2007, press releases and other filings with the Securities and Exchange Commission and Canadian securities regulators. In particular, the factors described under “Risk Factors” in the Form 10-K and other possible factors not listed, could affect our actual results and cause such results to differ materially from those expressed in forward-looking statements.

Many of the factors that will determine our future performance are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements. Except as required by applicable securities laws, we do not have any intention or obligation to update forward-looking statements after this presentation, even if new information, future events or other circumstances have made them incorrect or misleading. You can review the full text of the Company’s Safe Harbor Statement on our website at www.timhortons.com/safeharbor.html.

This presentation references Non-GAAP financial information. Reconciliation information to the most directly comparable GAAP financial measure is included in this presentation and is posted on our web-site, as required by Regulation G, under the investor information/presentations tabs.

The logo for Tim Hortons, featuring the brand name in a red, cursive script font.

Investment Summary

- Proven business model that creates competitive advantage and different layers of earnings drivers.
- Iconic brand status and market share leadership in Canada, with a growing regional presence in select markets in the U.S.
- Strong financial performance and cash flow over long-periods of time.
- Same store sales and unit growth opportunities in both the Canadian and U.S. segments.

Market Leader in Canada

- Largest QSR chain in Canada based on system-wide sales and restaurants open
- Approximately one-quarter overall share of Canadian QSR sales and traffic
- More than 75% share of Coffee & Baked Goods sector traffic
- Strong loyalty: about 40% of Tim Hortons customers visit 4+ times a week*

1 out of every 4 Canadian QSR eater occasions takes place at Tim Hortons



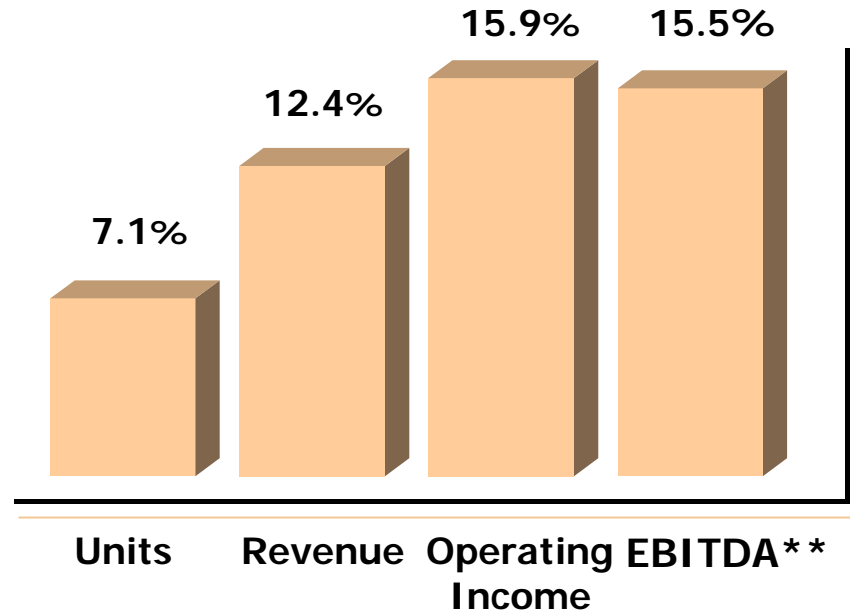
Tim Hortons

Powerful Business Model

- **Franchising**
- **Royalty**
 - 3% to 4.5% of franchise restaurant sales
- **Real Estate***
 - 8.5% to 10% of franchise restaurant sales
- **Distribution**

5-Year CAGRs

2001-2006



* Real estate fee only owed to Tim Hortons if franchisee leases from Tim Hortons.

** EBITDA is a Non-GAAP measure. Reconciliation is provided in this presentation.

Real Estate

- **We control most of the real estate in our system, giving us strategic flexibility and leverage**
 - **82% of our system real estate is controlled**
 - Leases and sub-leases
 - Ownership of approximately 22% of our 3,110 restaurants
 - **Allows us to grow and achieve better penetration in desirable markets and locations**

Integrated & Flexible Business Model is Key

Quality products at competitive costs



Maidstone Bakery

- Supplies par-baked donuts, Timbits and breads to restaurants
- 50-50 JV with IAWS Group plc



Distribution

- 5 Canadian distribution centres (DCs)
- Dry goods through four DCs
- 3-channel (dry, frozen and refrigerated goods) in Guelph DC



Coffee Roaster

- Supplies approximately 42% of Tim Hortons restaurants
- Supports consistent blend and quality across network

Tim Hortons

Key Earnings Drivers

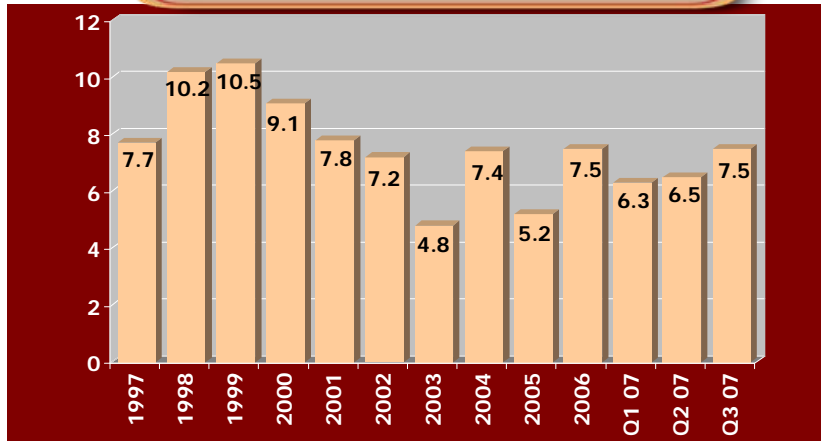
- **Same-store sales growth**
- **Significant unit expansion opportunity**
 - Canada (3,500-4000 total units)
 - U.S. (500 units by 2008)
- **Vertically integrated, flexible business model**

The image shows the Tim Hortons logo in red, stylized cursive lettering mounted on a dark grey building facade. The logo is illuminated from below, casting a soft glow. The background of the slide is a dark, textured wall with a curved red and orange border at the top.

Strong Same-Store Sales Growth

Canada

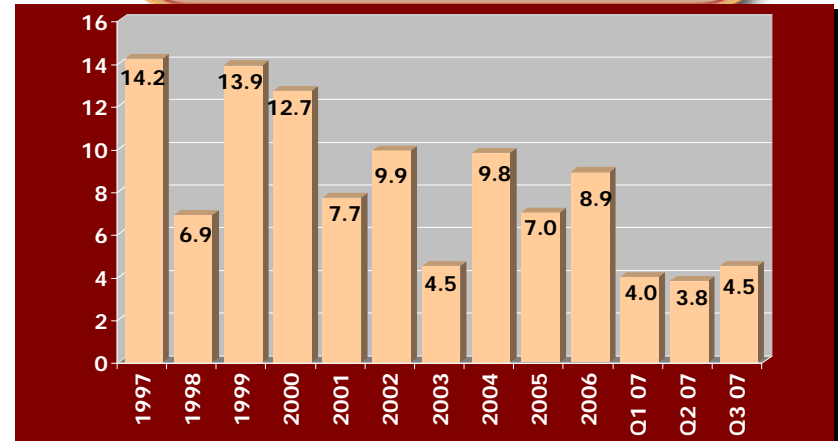
10-year average: 7.7%*



* Average same-store sales based on restaurants open for minimum of one calendar year. 10-year average up to end of 2006.

United States

10-year average: 9.6%*



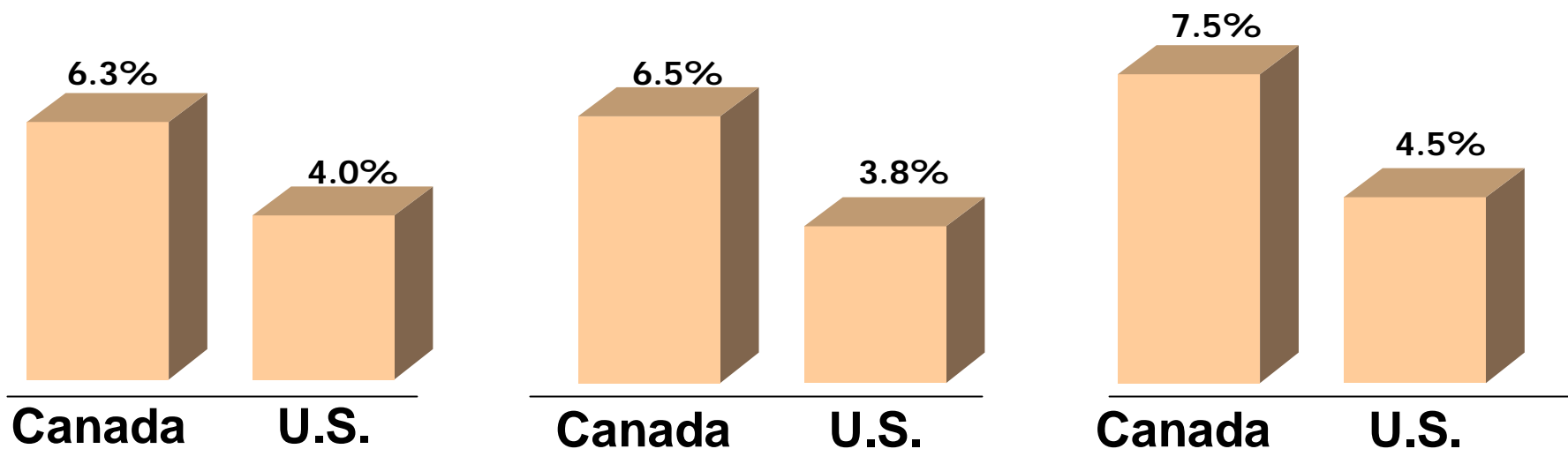
* Average same-store sales based on restaurants open for minimum of 13 months. 10-year average up to end of 2006.

SSS Momentum Continues in 2007

Q1 07

Q2 07

Q3 07



Key Drivers

- Product innovation and promotional activities
- Store level execution
- Pricing accounted for 2.7% of same store sales growth in Canada in Q3 and 0.3% in the U.S.

Same Store Sales Growth Drivers

- **Product innovation**
- **Emphasis on overall customer experience**
- **Focus on speed of service**
- **Invest in technology to improve customer experience and service**



Tim Hortons

Product Innovation – Always Fresh

- Our history of product innovation is key to our success and ability to drive same store sales

- Coffee products and other beverages, soups and sandwiches, baked goods
- Merchandise such as home brewers, teapots and coffee canisters

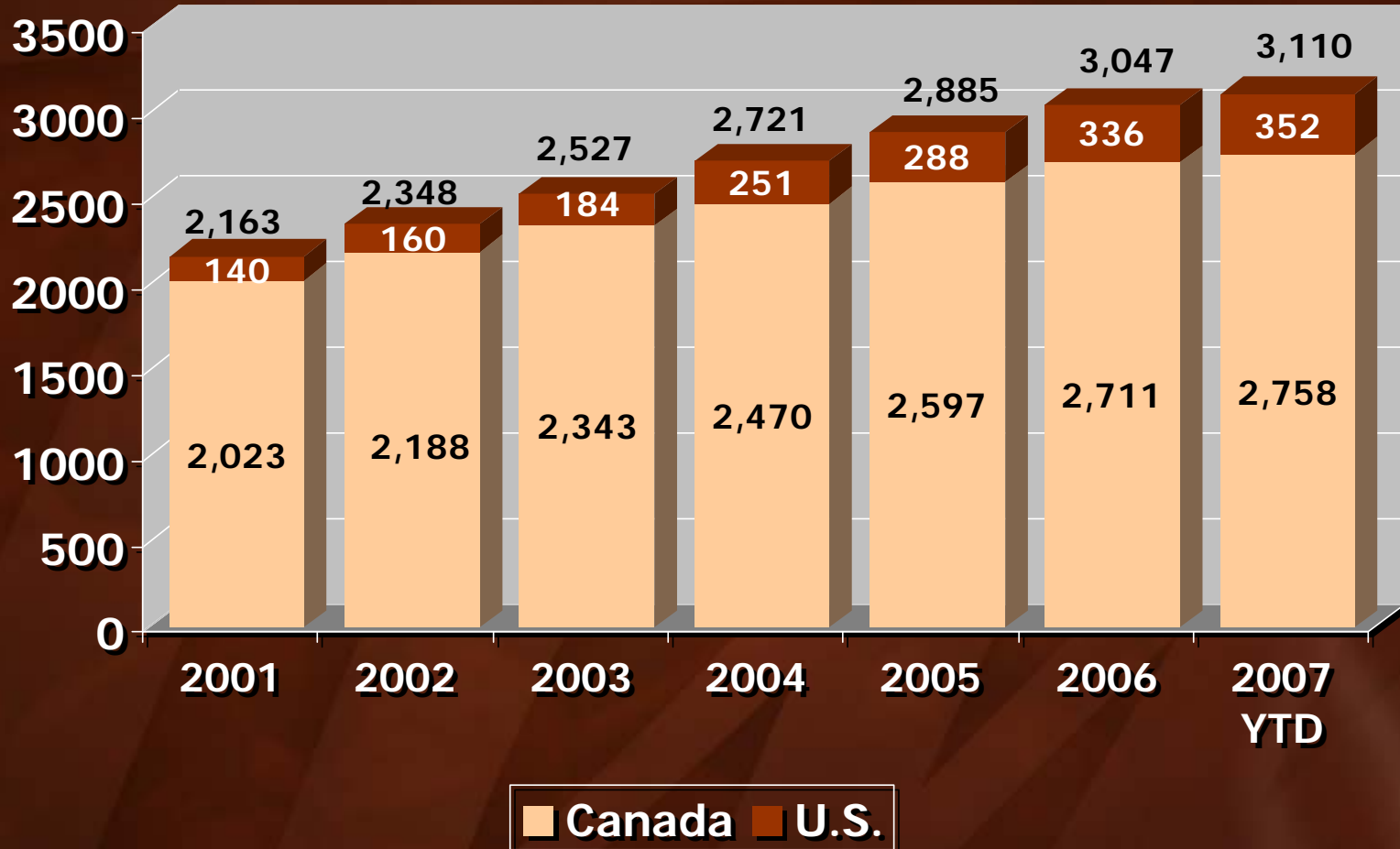
- Recent introductions and promotions include Breakfast Sandwich, Chicken Salad and Egg Salad wraps, Iced Coffee and Iced Capp Supreme



Unit Expansion: Consistent Restaurant Growth

Total Units Systemwide

98% Franchised



As of September 30, 2007

Tim Hortons

Penetration Drives Unit Volumes and Long-term Performance and Growth

Average Annual Unit Volume – Standard Units

(\$000s)

Market	1997		2006		9-Year AUV CAGR	9-Year Unit CAGR
	Units	Volume	Units	Volume		
Canada	1,133	\$907	1983	\$1,793	7.9%	6.4%
U.S.*	67	\$596	318	\$ 944	5.2%	18.9%

*U.S. sales volume in U.S. currency

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Strong Growth Potential – Canada

Current Restaurant Penetration

2,758 restaurants

99% franchised

WEST

Total Units	558
Population / Unit	16,969

QUEBEC

Total Units	345
Population / Unit	21,518

ATLANTIC

Total Units	365
Population / Unit	6,425

ONTARIO

Total Units	1,490
Population / Unit	8,234

As of September 30, 2007

Tim Hortons

"We Fit Anywhere"

1,000 – 1,500 unit growth potential in Canada

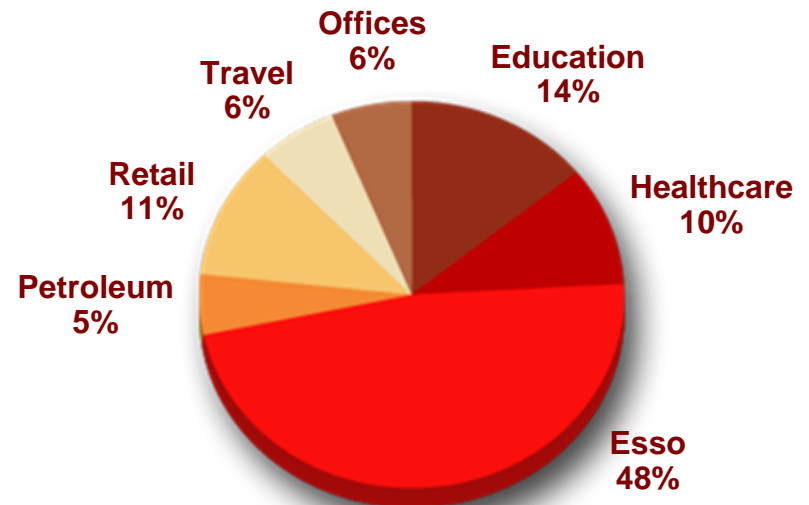
Standard Restaurants



Opportunity:

- Western provinces
- Quebec
- Urban centres

Non-Standard Restaurants



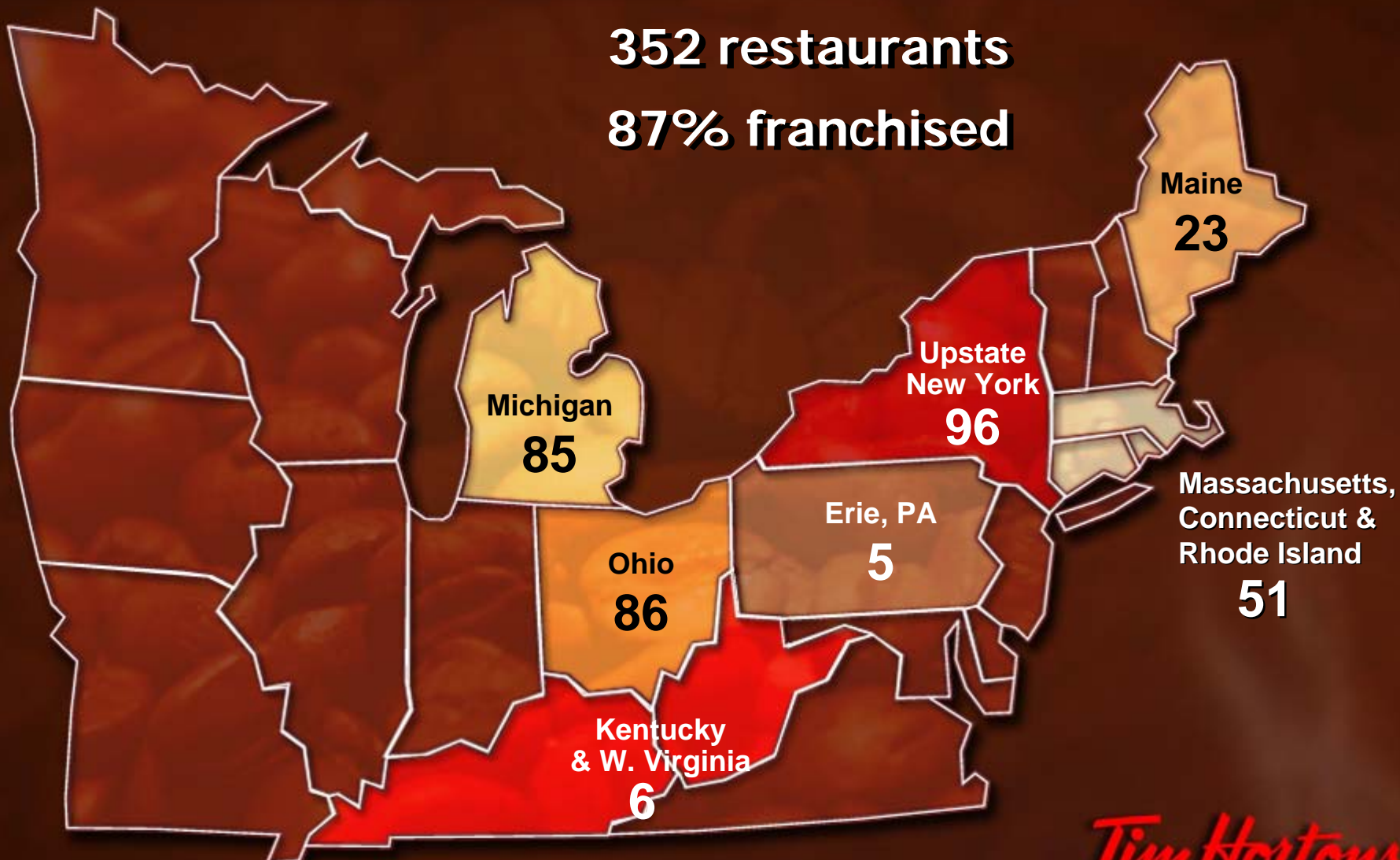
2005 Non-Standard Restaurant Mix

Strong Regional Player

Tim Hortons U.S.

352 restaurants

87% franchised



As of September 30, 2007

Tim Hortons

Target of 500 stores by end of 2008*

Tim Hortons U.S.

Strategic Expansion Plan

- Build out existing markets
- Enter adjacent markets
- Strategic alliances



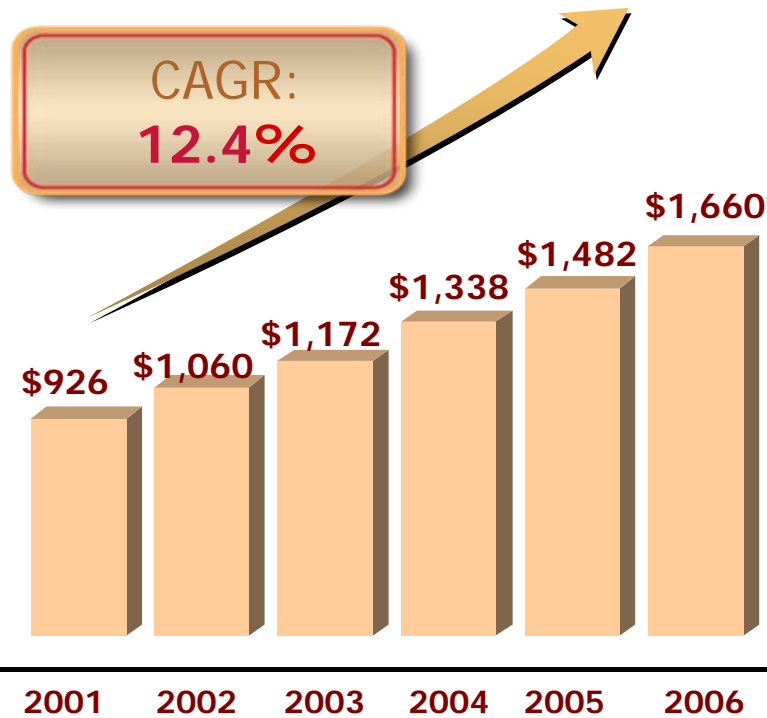
* Targets announced previously and not updated.
Refer to the Company's public filings for current information.

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Powerful Track Record of Growth

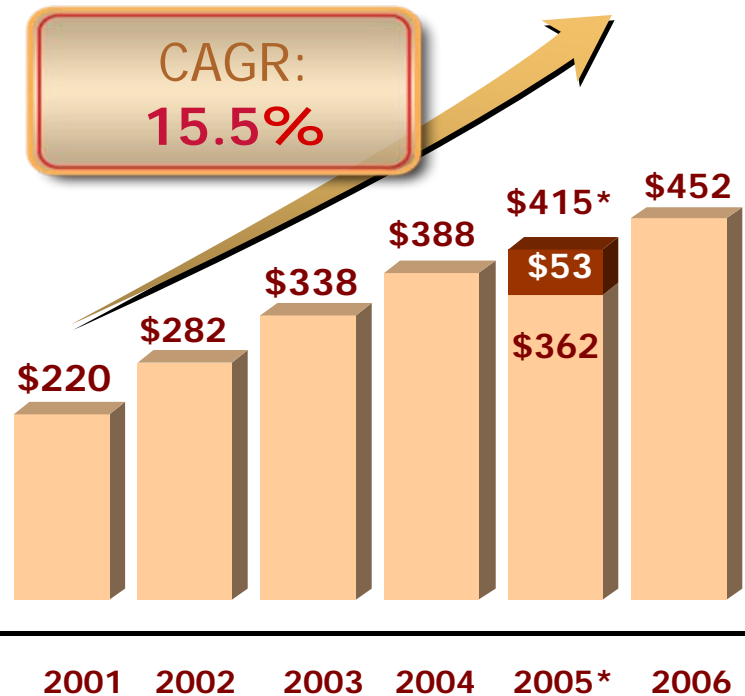
Revenue

(C\$ millions)



EBITDA*

(C\$ millions)



* Excluding pretax non-cash impairment charges of \$53.1 million, 2005 EBITDA was \$415 million. Including the impairment charge, 2005 EBITDA was \$362 million. Reconciliation information is provided at the end of this presentation.

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Strong Financial Performance

C\$ Millions

	Fiscal Years			
	2003	2004	2005	2006
Revenue	\$1,172	\$1,338	\$1,482	\$1,660
Operating Income	279	319	290	379
Operating Margin	23.8%	23.9%	19.6%	22.9%
Adj. Operating Margin	--	--	23.1%*	--
Net New Restaurants	179	194**	164	162
Ending Restaurants	2,527	2,721	2,885	3,047

*Excluding pretax non-cash impairment charge of \$53.1 million, 2005 operating income was \$343 million

** Includes 42 stores acquired in Bess Eaton acquisition

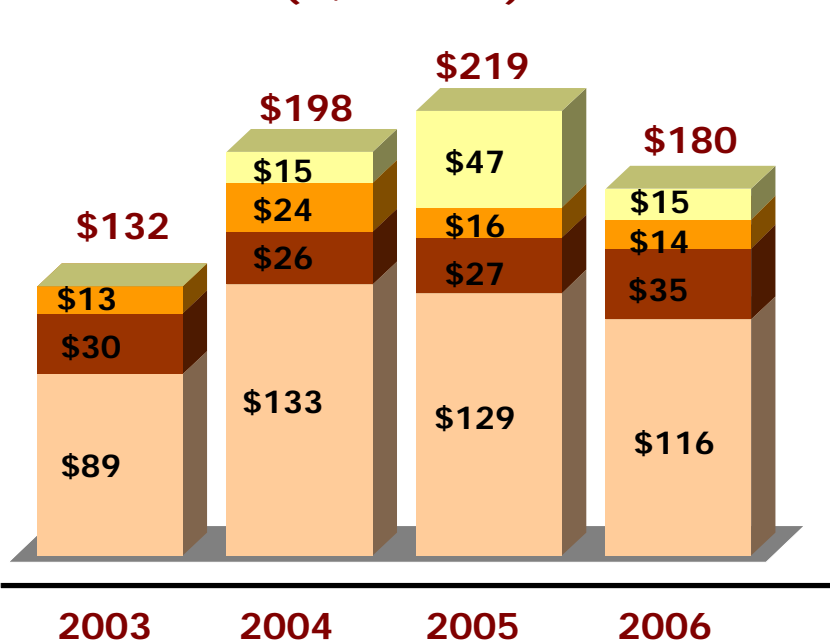


Substantial Free Cash Flow

Capital expenditures to be funded from operating cashflow

Capital Expenditures

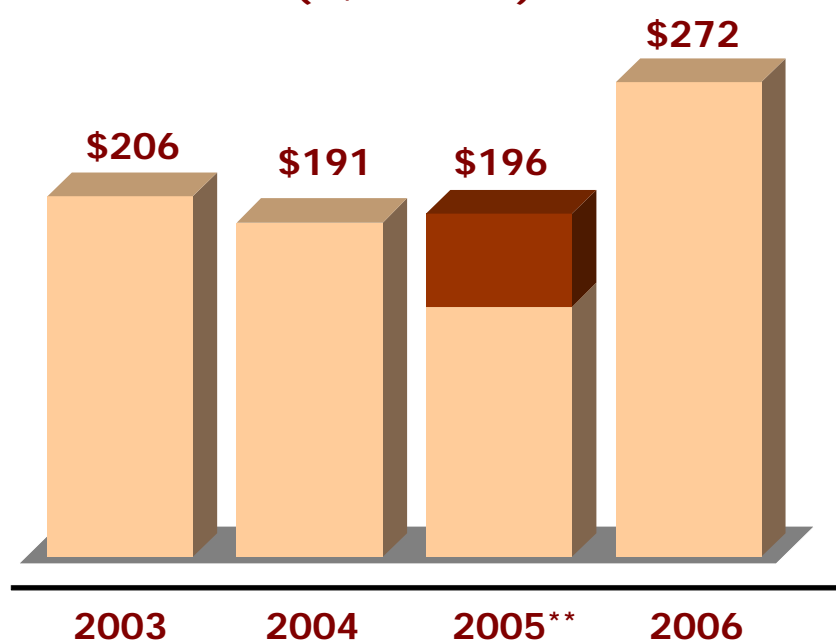
(C\$ millions)



- New Restaurants
- Store Improvement
- Other Capex
- Distribution

Free Cash Flow*

(C\$ millions)



- Free Cash Flow
- Impairment Charge

* Free cash flow is defined as EBITDA less capital expenditures.

** Excludes pretax non-cash impairment charge of \$53.1 million in 2005

Capital Structure

- Capital structure is sufficient to support short-term needs
 - Debt currently consists of \$300 million, five-year term loan maturing in 2011.
 - Also have U.S. \$100 million revolver and \$200 million Canadian revolver, both undrawn
 - Can obtain additional liquidity if necessary
- Dividend policy of up to 20-25% of annual normalized prior-year net income: announced \$0.07 per share dividend in Q3 release
- Share repurchase authorization
 - C\$200 program announced in Q3 2007, following completion of \$200 million 2006-2007 program

2007 Year-to-Date Results

- Revenue has increased 15.7% to \$1,380.4 million
 - Q3 SSS increased 7.5% in Canada and 4.5% in U.S.
 - Opened 79 restaurants, including 59 in Canada, 20 in U.S.
- YTD Operating income up 13.2% to \$308.9 million compared to \$272.9 million
 - Strong SSS and unit growth contributed majority of Dollar increase
- Net income and EPS results impacted by substantial tax rate changes

2007 Targets*

- Strong top-line revenue growth
 - Same-store sales long-term targets
 - Canada: 4-5%
 - U.S.: 6-7%
- New restaurant development
 - Canada: 120-140
 - U.S.: 60-80
- Operating income of approximately 10%

Performance Q3 YTD

6.8%

4.1%

59 opened

20 opened

13.2%

* Targets announced in Q1 2007 and not updated.
Refer to the Company's public filings for current information.



Every cup tells a story.

Tim Hortons Inc.

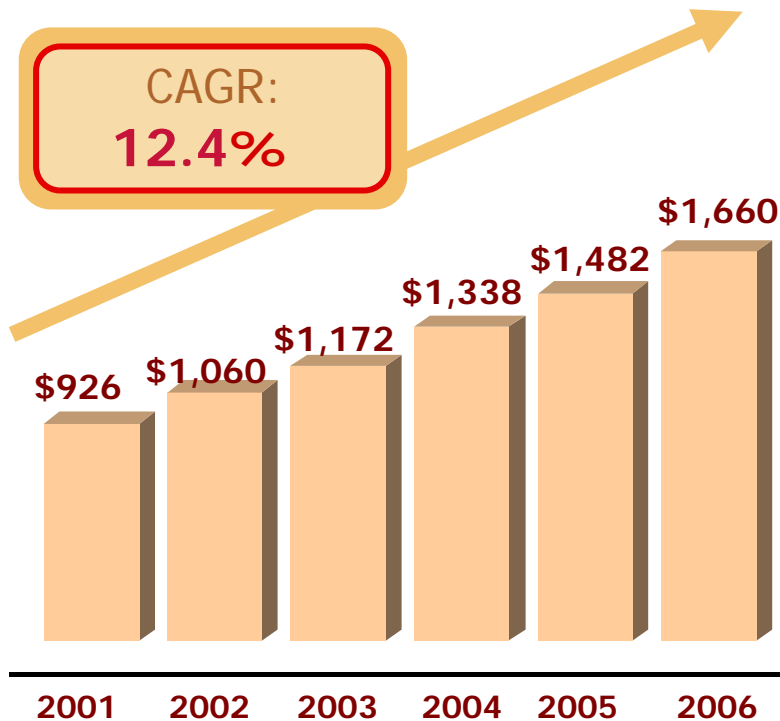
Reconciliation – December, 2007



Powerful Track Record of Growth

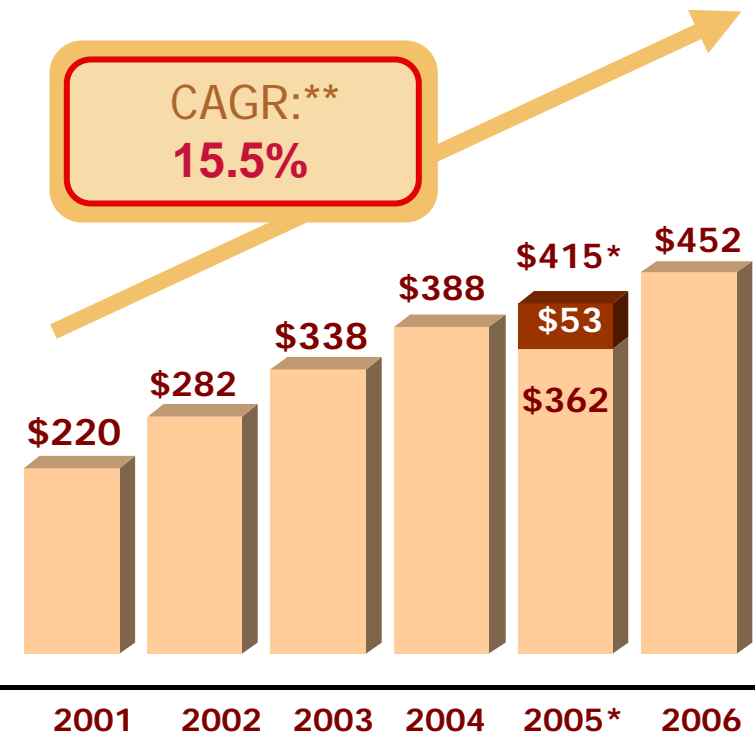
Revenue

(C\$ millions)



EBITDA**

(C\$ millions)



*2005 EBITDA of \$415 excludes \$53.1 million pretax non-cash impairment charge. Including this charge, 2005 EBITDA was \$362 million.

**EBITDA is defined as operating income (net income before interest and taxes) before depreciation and amortization. Depreciation and amortization was \$49m, \$59m, \$69m, \$72m and \$73m for the years ending 2002, 2003, 2004, 2005 and 2006 respectively.

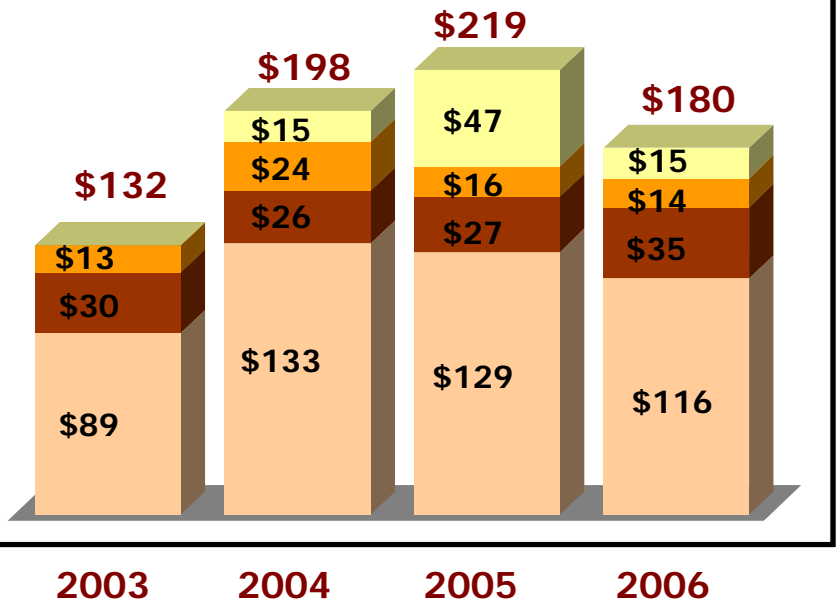
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Substantial Free Cash Flow

Capital expenditures to be funded from operating cashflow

Capital Expenditures

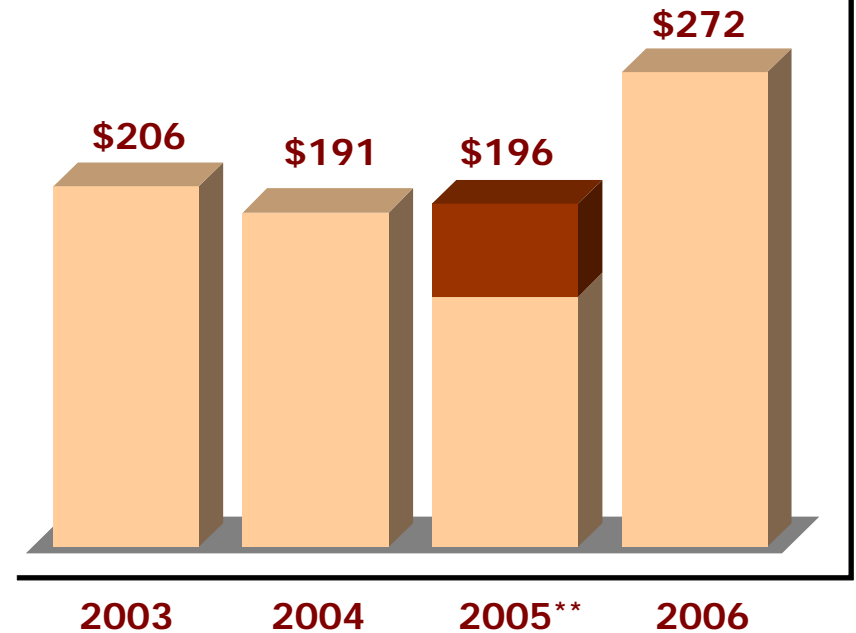
(C\$ millions)



New Restaurants
 Store Improvement
 Other Capex
 Distribution

Free Cash Flow*

(C\$ millions)



Free Cash Flow
 Impairment Charge

* Free cash flow defined as EBITDA less capital expenditures.

** 2005 Free Cash Flow of \$196 excludes pretax non-cash impairment charge of \$53.1 million. Including this impairment charge, free cash flow was \$143 million.

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EBITDA Reconciliation to our Net Income

	Fiscal years ¹					
	2006	2005	2004	2003	2002	2001
	(in thousands)					
Net income.....	\$259,596	\$191,091	\$205,051	\$156,262	\$132,812	\$132,171
Interest expense, net.....	18,458	14,517	13,519	16,034	20,340	6,035
Income tax expense.....	101,162	84,439	100,735	106,601	80,161	43,119
Operating Income.....	379,216	290,047	319,305	278,897	233,313	181,325
Depreciation and amortization.....	72,695	71,999	69,008	58,801	49,109	38,578
EBITDA.....	<u>\$451,911</u>	<u>\$362,046</u>	<u>\$388,313</u>	<u>\$337,698</u>	<u>\$282,422</u>	<u>\$219,903</u>

1 Fiscal years include 52 weeks except for fiscal 2004 which included 53 weeks. EBITDA includes and has not been adjusted for the goodwill and asset impairment charges of \$53.1 million incurred in the fourth quarter of fiscal 2005.