Exhibit 99.1

FOR IMMEDIATE RELEASE
(All amounts in Canadian dollars)

Tim Hortons Inc. Announces 2008 Second Quarter Results

Strengthened performance leads to operating income increase of 10.1% to $117.1 million; earnings per share up 14.5% to $0.41

Financial & Sales Highlights

Second Quarter Ended	June 29, 2008	July 1, 2007	% Change
Revenues	$ 510.7	$ 465.3	9.8%
Operating Income	$ 117.1	$ 106.3	10.1%
Adjusted Operating Income(1)	$ 120.2	$ 106.3	13.0%
Effective Tax Rate	33.2%	33.8%	
Net Income	$ 75.0	$ 67.2	11.5%
Diluted Earnings Per Share	$ 0.41	$ 0.36	14.5%
Fully Diluted Shares	184.3	189.3	(2.6)%

($ in millions except EPS. Fully diluted shares in millions. All numbers rounded.)

(1) Adjusted operating income is a non-GAAP measure. For information regarding this measure and a reconciliation to U.S. GAAP operating income, please refer to "Disclosure on Non-GAAP Financial Measure" and Table 1 in this release.

Same-Store Sales	Q2 2008	Q2 2007
Canada	5.7%	6.6%
United States	3.1%	3.8%

Same-store sales calculation methodology includes restaurants beginning the 13th month after opening.
As of June 29, 2008, 99.3% of system restaurants in Canada and 91.9% of U.S. restaurants were franchised.

Highlights

- Second quarter systemwide sales(2) increased 9.8%
- Operating income increased to $117.1 million, up 10.1%
- Adjusted operating income(1), excluding restructuring charge, up 13.0%
- 31 restaurants opened
- Board declares quarterly dividend of $0.09 per share
- 1.5 million shares purchased as part of the share repurchase program

OAKVILLE, ONTARIO, (August 7, 2008): Tim Hortons Inc. (NYSE:THI, TSX: THI) today announced strong operating results for the second quarter ended June 29, 2008.

Systemwide sales(2), which include sales from Company-operated and Franchise restaurants, grew 9.8% in the second quarter compared to the same period last year. Canadian same-store sales increased 5.7% and U.S. same-store sales increased 3.1%. Total revenues were $510.7 million, rising 9.8% compared to $465.3 million in the same period last year. Net income was $75.0 million, an increase of 11.5% compared to $67.2 million in the second quarter last year. Earnings per diluted share were $0.41, an increase of 14.5% compared to $0.36 in the second quarter of 2007.

"The strength of our model and customer offering resulted in strong sales and earnings growth in a challenging environment. We were pleased with our store owners' ability to meet the needs of our customers and reinforce our differentiated positioning as a destination for people looking for quality products at a reasonable price. We continue to be on track to meet our operating income growth target of 10% excluding the impact of the $3.1 million restructuring charge," said Don Schroeder, president and CEO.

Schroeder added: “Our brand and consumer loyalty and value-oriented menu offering positions us well within the sector, particularly during more difficult economic times. The state of the macro environment and resulting sales climate continues to be challenging, and we will be diligent and actively monitor the situation.”

Consolidated Performance

The Company opened 31 restaurants during the quarter, compared to 18 in the second quarter of 2007.

An active promotional program during the quarter included Whole Grain Raspberry Muffins and Green Tea, the Chocolate Brownie Iced Capp Supreme, Homestyle Hash Browns, Strawberry Blossom Donuts and French Vanilla Iced Coffee (US only). The Company also introduced and promoted a Slow Roast Beef sandwich, along with Maple-themed products, including the Maple Crunch donut, Maple Pecan danish and Maple shortbread cookie. During the quarter Tim Hortons also held its annual Camp Day, and through leadership of the store owners, more than 3,000 restaurants in North America participated. Camp Day raised approximately $9 million which will be used to provide an opportunity for thousands of economically disadvantaged children to attend the Tim Horton Children’s Foundation Camps in Canada and the United States.

Total revenues were $510.7 million in the second quarter, up 9.8% compared to $465.3 million in the same period of 2007. Sales, the largest component of revenues, consisting primarily of distribution sales, grew by 9.1% to $335.9 million compared to $308.0 million during the same period last year.

The transition from Company-operated restaurants to the owner-operator model continued in the second quarter, with the number of Company-operated restaurants reduced by 22 year-over-year. The impact of the fewer number of Company-operated restaurants was more than offset by a higher number of restaurants consolidated under FIN 46R.

In the second quarter, revenues from rents and royalties grew 9.6% to $153.5 million compared to $140.1 million in the comparable period of 2007, consistent with systemwide sales growth. Franchise fees increased 24.0% to $21.3 million compared to $17.1 million in the same quarter of last year due to a higher number of units sold, and a shift in mix towards standard restaurant openings versus the comparable period of 2007. This impact was offset in part by lower deferred revenues recognized in 2008 from our U.S. franchise incentive program.

Franchise fee costs rose 16.6% in the second quarter compared to last year. Higher franchise fee costs were due primarily to a larger number of units sold compared to last year and a higher number of renovations and replacements. Increased franchise support costs and expenses associated with establishing franchisees’ businesses also led to higher overall franchise fee costs.

Cost of sales was 8.6% in the second quarter compared to the same period last year, reflecting the effect of completion of refrigerated and frozen product delivery from the Guelph distribution center and increased systemwide sales growth. Increased cost of sales was also due to an increase in the number of restaurants consolidated under FIN 46R, largely offset by the fewer number of Company-operated restaurants. Operating expenses grew 9.1% in the quarter compared to the second quarter of 2007, primarily due to the increased number of restaurant openings and higher variable rent on existing properties.

General and administrative costs for the quarter were $36.1 million, up 17.2% versus the prior year comparable costs of $30.8 million. The year-over-year increase includes a previously announced restructuring charge. Excluding the $3.1 million charge, general and administrative costs were up 7.3% as a result of continued growth of the business. Equity income was $10.0 million, an increase of 8.3% over the comparable period of $9.2 million in the second quarter of 2007.

Second quarter operating income was $117.1 million, up 10.1% compared to $106.3 million for the same period in 2007. Excluding the restructuring charge announced previously, adjusted operating income was $120.2 million, an increase of 13.0% (see "Disclosure on Non-GAAP Financial Measure" below). Systemwide sales growth was the largest contributing factor to higher operating income, supported by higher franchise fee income and equity income, along with increased contributions from distribution.

Net interest expense was slightly higher in the second quarter, increasing to $4.9 million compared to $4.8 million in the second quarter of 2007.

Second quarter net income increased 11.5% to $75.0 million compared to $67.2 million in the same quarter of 2007. The effective tax rate during the quarter was 33.2% compared to 33.8% in the comparable period of 2007.

Diluted earnings per share (EPS) rose 14.5% to $0.41 compared to $0.36 last year in the second quarter. EPS growth was due primarily to higher net income and lower weighted average shares outstanding in the quarter, which decreased 2.6% to 184.3 million shares due to the Company's share repurchase program.

Disclosure on Non-GAAP Financial Measure

Adjusted operating income is a non-GAAP measure. The presentation of this non-GAAP measure is made with operating income, the most directly comparable U.S. GAAP measure. Management believes that pro forma adjusted operating income information is important for comparison purposes to prior periods and for purposes of evaluating management's operating income target for 2008 which excludes restructuring charges. The Company evaluates its business performance and trends excluding amounts related to the restructuring. Therefore, this measure provides a more consistent view of management's perspectives on performance than the closest equivalent U.S. GAAP measure.

Table 1 Pro forma: Adjusted operating income to U.S. GAAP reconciliation

Second Quarter Ended	June 29, 2008	July 1, 2007	% Change
Reported Operating Income	$ 117.1	$ 106.3	10.1%
Add: Restructuring Charge	3.1	—	N/M
Adjusted Operating Income	$ 120.2	$ 106.3	13.0%

($ in millions)

Segmented Performance

Same-store sales in the second quarter for the Canadian segment were up 5.7%. Pricing contributed approximately 4.4% to same-store sales in Canada during the quarter. The Canadian segment lapped significant same-store sales growth of 6.6% in the comparable period of 2007.

Segment margins in Canada were up due primarily to better leverage of top-line growth including the benefit of completed roll-out of refrigerated and frozen distribution from the Guelph distribution center, and from increased franchise fee income. Operating income increased 12.5% in the Canadian business to $130.4 million compared to $116.0 million last year in the same quarter. A total of 23 restaurants were opened in Canada during the second quarter, bringing the total to 45 restaurants on a year-to-date basis.

In the U.S. segment, same-store sales increased 3.1% during the quarter, of which approximately 2.5% was attributable to pricing. The U.S. business had a loss of $0.2 million in the second quarter. Higher systemwide sales benefited rents and royalties, offset by higher franchisee relief. U.S. segment margins were also impacted by the timing of gains from the sale of restaurants and higher support costs, which offset the positive impact of a slightly higher number of openings year-over-year. A total of 8 restaurants were opened in the U.S. this quarter, and 11 year-to-date. As part of its planned 2008 expansion plan, the Company intends to open several new restaurants in the community of Syracuse, New York during the third and fourth quarter, expanding its presence in central New York.

The shift of timing of the Easter holidays in the quarter compared to last year had an estimated positive impact of approximately 0.5% on same-store sales in Canada and less than 0.4% in the U.S.

Internationally, the number of Tim Hortons sites in Ireland and the UK has expanded to 213 licensed locations, comprised primarily of self-serve kiosks, demonstrating the continued success of the platform. While not a material contributor to earnings or revenue at this time, the international business is part of a developing international strategy and potential platform for future growth.

$200 million Share Repurchase Program Activities

The Company spent $48.9 million to repurchase a total of approximately 1.5 million shares as part of its 2007-2008 share repurchase program to return value to shareholders.

Capital Expenditures

The Company invested $33.6 million in capital expenditures in the second quarter, and $66.1 million year-to-date, primarily on its restaurant expansion program and renovations. As part of its vertical integration strategy, the Company has also approved the construction of a new coffee roasting facility, which will be located in southern Ontario. The Company will invest approximately $30 million in this facility, primarily in 2009, and when fully operational the facility will bring total internal coffee production to approximately three-quarters of the system's needs.

"Protecting the quality, integrity and supply of our proprietary coffee blend from tree to cup is essential to our long-term success. Consistent with our vertical integration investment strategy, the new coffee roasting facility will provide significant system benefits important to the collective success of our store owners and the Company. It will also help ensure we continue to consistently serve great tasting coffee to our customers every day," said Cynthia Devine, Chief Financial Officer.

Board Declares Dividend Payment of $0.09 Per Share

The Board of Directors has declared a quarterly dividend of $0.09 per share payable on September 2nd, 2008 to shareholders of record as of August 18th, 2008. The Company's current dividend policy is to pay a total of 20-25% of prior year, normalized annual net earnings in dividends each year.

Dividends are paid in Canadian dollars to all shareholders with Canadian resident addresses whose shares are registered with Computershare (the Company's transfer agent). For all other shareholders, including all shareholders who hold their shares indirectly (i.e., through their broker) and regardless of country of residence, the dividend will be converted to U.S. dollars on August 25th, 2008 at the daily noon rate established by the Bank of Canada and paid in U.S. dollars on September 2nd, 2008.

Tim Hortons to Host Conference Call at 2:30 p.m. on Thursday, August 7th, 2008

Tim Hortons will host a conference call to discuss its second quarter results beginning at 2:30 p.m. Eastern Daylight Time (EDT) on Thursday, August 7th, 2008. Investors and the public may listen to the conference call by calling 416-641-6712 or 1-800-354-6885 (no access code required), or through simultaneous webcast by visiting the investor relations section at www.timhortons.com, and clicking on the "Events and Presentations" tab. A slide presentation will be available to coincide with the conference call on this site. The conference call will be available for replay on the web-site for a period of one-year.

Safe Harbor Statement

Certain information in this news release, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, is forward-looking. Factors set forth in the Company's Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995, including by reference the "risk factors" outlined in the Company's most recent Form 10-K filed February 26, 2008 in addition to other possible factors not listed or described in the Safe Harbor Statement, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. As such, readers are cautioned not to place undue reliance on forward-looking statements contained in this news release, which speak only as of the date hereof. Except as required by federal or provincial securities laws, the Company undertakes no obligation to publicly release any revisions to the forward looking statements contained in this release, or to update them to reflect events or circumstances occurring after the date of this release, or to reflect the occurrence of unanticipated events, even if new information, future events or other circumstances have made the forward-looking statements incorrect or misleading. Please review the Company's Safe Harbor Statement at http://www.timhortons.com/safeharbor.html.

(2) Total systemwide sales growth includes restaurant level sales at both Company and Franchise restaurants. Approximately 98.3% of our system is franchised as at June 29, 2008. Systemwide sales growth is determined using a constant exchange rate to exclude the effects of foreign currency translation. U.S. dollar sales are converted to Canadian dollar amounts using the average exchange rate of the base year for the period covered. For the second quarter of 2008, systemwide sales growth was up 9.8% compared to the second quarter of 2007. Systemwide sales impact our franchise royalties and rental income, as well as our distribution sales. Changes in systemwide sales are driven by changes in average same-store sales and changes in the number of systemwide restaurants. Management believes systemwide sales data is useful and important in assessing the overall health and financial performance of the brand and the Company's Franchisee base, and ultimately, the financial performance of the Company on a consolidated and segmented basis.

Tim Hortons Inc. Overview

Tim Hortons is the fourth largest publicly-traded quick service restaurant chain in North America based on market capitalization, and the largest in Canada. Tim Hortons appeals to a broad range of consumer tastes, with a menu that includes premium coffee and donuts, flavored cappuccinos, specialty teas, home-style soups, fresh sandwiches and fresh baked goods. As of June 29, 2008, Tim Hortons had 3,257 systemwide restaurants, including 2,851 in Canada and 406 in the United States. More information about the Company is available at www.timhortons.com.

CONTACTS:

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TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars, except share and per share data)

(Unaudited)

	Second Quarter Ended			
	June 29, 2008	July 1, 2007	$ Change	% Change
REVENUES				
Sales	$ 335,873	$307,994	$27,879	9.1%
Franchise revenues				
Rents and royalties	153,546	140,114	13,432	9.6%
Franchise fees	21,273	17,149	4,124	24.0%
	174,819	157,263	17,556	11.2%
TOTAL REVENUES	510,692	465,257	45,435	9.8%
COSTS AND EXPENSES				
Cost of sales	293,101	269,847	23,254	8.6%
Operating expenses	54,622	50,088	4,534	9.1%
Franchise fee costs	19,908	17,074	2,834	16.6%
General & administrative expenses	36,124	30,810	5,314	17.2%
Equity (income)	(10,001)	(9,235)	(766)	8.3%
Other (income) expense, net	(187)	333	(520)	N/M
TOTAL COSTS & EXPENSES, NET	393,567	358,917	34,650	9.7%
OPERATING INCOME	117,125	106,340	10,785	10.1%
Interest (expense)	(5,969)	(6,143)	174	(2.8%)
Interest income	1,073	1,324	(251)	(19.0%)
INCOME BEFORE INCOME TAXES	112,229	101,521	10,708	10.5%
INCOME TAXES	37,255	34,282	2,973	8.7%
NET INCOME	$ 74,974	$ 67,239	$ 7,735	11.5%
Basic earnings per share of common stock	$ 0.41	$ 0.36	$ 0.05	14.6%
Diluted earnings per share of common stock	$ 0.41	$ 0.36	$ 0.05	14.5%
Basic shares of common stock (in thousands)	183,983	189,017	(5,034)	(2.7%)
Diluted shares of common stock (in thousands)	184,258	189,253	(4,995)	(2.6%)
Dividend per share of common stock	$ 0.09	$ 0.07	$ 0.02	

N/M—not meaningful
(all numbers rounded)

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars, except share and per share data)

(Unaudited)

	Year-to-Date Ended			
	June 29, 2008	July 1, 2007	$ Change	% Change
REVENUES				
Sales	$ 642,379	$586,344	$56,035	9.6%
Franchise revenues				
Rents and royalties	289,426	267,354	22,072	8.3%
Franchise fees	39,204	36,167	3,037	8.4%
	328,630	303,521	25,109	8.3%
TOTAL REVENUES	971,009	889,865	81,144	9.1%
COSTS AND EXPENSES				
Cost of sales	565,384	517,251	48,133	9.3%
Operating expenses	104,631	97,264	7,367	7.6%
Franchise fee costs	38,188	33,477	4,711	14.1%
General & administrative expenses	67,010	59,560	7,450	12.5%
Equity (income)	(17,363)	(19,012)	1,649	(8.7%)
Other (income) expense, net	(470)	780	(1,250)	N/M
TOTAL COSTS & EXPENSES, NET	757,380	689,320	68,060	9.9%
OPERATING INCOME	213,629	200,545	13,084	6.5%
Interest (expense)	(12,320)	(11,764)	(556)	4.7%
Interest income	3,063	3,320	(257)	(7.7%)
INCOME BEFORE INCOME TAXES	204,372	192,101	12,271	6.4%
INCOME TAXES	67,578	65,601	1,977	3.0%
NET INCOME	$ 136,794	$126,500	$10,294	8.1%
Basic earnings per share of common stock	$ 0.74	$ 0.67	$ 0.07	11.1%
Diluted earnings per share of common stock	$ 0.74	$ 0.67	$ 0.07	11.0%
Basic shares of common stock (in thousands)	184,749	189,732	(4,983)	(2.6%)
Diluted shares of common stock (in thousands)	185,003	189,981	(4,978)	(2.6%)
Dividend per share of common stock	$ 0.18	$ 0.14	$ 0.04	

N/M—not meaningful

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	June 29, 2008	December 30, 2007
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 72,164	$ 157,602
Restricted cash	18,739	37,790
Accounts receivable, net	122,743	104,889
Notes receivable, net	15,494	10,824
Deferred income taxes	11,626	11,176
Inventories and other, net	58,570	60,281
Advertising fund restricted assets	20,533	20,256
Total current assets	319,869	402,818
Property and equipment, net	1,226,783	1,203,259
Notes receivable, net	13,002	17,415
Deferred income taxes	23,329	23,501
Intangible assets, net	2,876	3,145
Equity investments	133,816	137,177
Other assets	12,610	9,816
Total assets	$1,732,285	$1,797,131

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	June 29, 2008	December 30, 2007
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 108,826	$ 133,412
Accrued liabilities:		
Salaries and wages	12,252	17,975
Taxes	18,176	34,522
Other	62,680	95,777
Advertising fund restricted liabilities	39,930	39,475
Current portion of long-term obligations	6,420	6,137
Total current liabilities	248,284	327,298
Long-term liabilities		
Term debt	329,291	327,956
Advertising fund restricted debt	10,088	14,351
Capital leases	54,108	52,524
Deferred income taxes	15,306	16,295
Other long-term liabilities	61,119	56,624
Total long-term liabilities	469,912	467,750
Stockholders' equity		
Common stock, (US$0.001 par value per share)		
Authorized: 1,000,000,000 shares		
Issued: 193,302,977 shares	289	289
Capital in excess of par value	929,259	931,084
Treasury stock, at cost: 9,680,324 and 6,750,052 shares, respectively	(334,929)	(235,155)
Common stock held in trust, at cost: 443,628 and 421,344 shares, respectively	(15,218)	(14,628)
Retained earnings	562,475	458,958
Accumulated other comprehensive (loss)	(127,787)	(138,465)
Total stockholders' equity	1,014,089	1,002,083
Total liabilities and stockholders' equity	$1,732,285	$1,797,131

TIM HORTONS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars)

(Unaudited)

	Year-to-date Ended	
	June 29, 2008	July 1, 2007
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	$ 121,286	$ 118,785
CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		
Capital expenditures	(66,074)	(70,359)
Principal payments on notes receivable	1,075	4,114
Other investing activities	(4,274)	(1,211)
Net cash used in investing activities	(69,273)	(67,456)
CASH FLOWS (USED IN) PROVIDED FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(100,294)	(90,025)
Dividend payments	(33,277)	(26,587)
Purchase of common stock held in trust	(3,842)	(7,233)
Purchase of common stock for settlement of restricted stock units	(226)	(110)
Proceeds from issuance of debt, net of issuance costs	1,514	2,448
Principal payments on other long-term debt obligations	(2,611)	(2,541)
Net cash used in financing activities	(138,736)	(124,048)
Effect of exchange rate changes on cash	1,285	(4,754)
Decrease in cash and cash equivalents	(85,438)	(77,473)
Cash and cash equivalents at beginning of period	157,602	176,083
Cash and cash equivalents at end of period	$ 72,164	$ 98,610
Other data:		
Depreciation and amortization	$ 44,137	$ 41,025

TIM HORTONS INC. AND SUBSIDIARIES
SEGMENT REPORTING
(In thousands of Canadian dollars)

(Unaudited)

	Second Quarter Ended			
	June 29, 2008	% of Total	July 1, 2007	% of Total
REVENUES				
Canada	$ 470,094	92.1%	$425,531	91.5%
U.S.	40,598	7.9%	39,726	8.5%
Total Revenues	$ 510,692	100.0%	$465,257	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 130,433	100.1%	$115,969	99.9%
U.S.	(190)	(0.1)%	79	0.1%
Reportable Segment Operating Income	130,243	100.0%	116,048	100.0%
Corporate Charges	(13,118)		(9,708)	
Consolidated Operating Income	117,125		106,340	
Interest, net	(4,896)		(4,819)	
Income taxes	(37,255)		(34,282)	
Net Income	$ 74,974		$ 67,239	

	Year-to-date Ended			
	June 29, 2008	% of Total	July 1, 2007	% of Total
REVENUES				
Canada	$ 896,582	92.3%	$813,743	91.4%
U.S.	74,427	7.7%	76,122	8.6%
Total Revenues	$ 971,009	100.0%	$889,865	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 236,968	101.3%	$222,653	101.8%
U.S.	(3,069)	(1.3)%	(4,039)	(1.8)%
Reportable Segment Operating Income	233,899	100.0%	218,614	100.0%
Corporate Charges	(20,270)		(18,069)	
Consolidated Operating Income	213,629		200,545	
Interest, net	(9,257)		(8,444)	
Income taxes	(67,578)		(65,601)	
Net Income	$ 136,794		$126,500	

	Second Quarter Ended			
	June 29, 2008	July 1, 2007	$ Change	% Change
Sales is comprised of:				
Warehouse sales	$ 288,089	$261,458	$ 26,631	10.2%
Company-operated restaurant sales	11,143	15,235	(4,092)	(26.9)%
Sales from restaurants consolidated under FIN 46R	36,641	31,301	5,340	17.1%
	$ 335,873	$307,994	$ 27,879	9.1%

	Year-to-date Ended			
	June 29, 2008	July 1, 2007	$ Change	% Change
Sales is comprised of:				
Warehouse sales	$ 552,794	$496,793	$ 56,001	11.3%
Company-operated restaurant sales	22,741	30,942	(8,201)	(26.5)%
Sales from restaurants consolidated under FIN 46R	66,844	58,609	8,235	14.1%
	$ 642,379	$586,344	$ 56,035	9.6%

TIM HORTONS INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANT COUNT

	As of June 29, 2008	As of December 30, 2007	Increase/ (Decrease) From Prior Quarter	As of July 1, 2007	Increase/ (Decrease) From Prior Year
Tim Hortons					
Canada					
Company-operated	21	30	(9)	26	(5)
Franchise	2,830	2,793	37	2,707	123
	2,851	2,823	28	2,733	118
% Franchised	*99.3 %*	*98.9 %*		*99.0 %*	
U.S.					
Company-operated	33	42	(9)	50	(17)
Franchise	373	356	17	295	78
	406	398	8	345	61
% Franchised	*91.9 %*	*89.4 %*		*85.5 %*	
Total Tim Hortons					
Company-operated	54	72	(18)	76	(22)
Franchise	3,203	3,149	54	3,002	201
	3,257	3,221	36	3,078	179
% Franchised	*98.3 %*	*97.8 %*		*97.5 %*	

TIM HORTONS INC. AND SUBSIDIARIES
Income Statement Definitions

Sales	Primarily includes sales of products, supplies and restaurant equipment (except for initial equipment packages sold to franchisees as part of the establishment of their restaurant's business—see "Franchise Fees") that are shipped directly from our warehouses or by third party distributors to the restaurants, which we refer to as warehouse or distribution sales. Sales include canned coffee sales through the grocery channel. Sales also include sales from Company-operated restaurants and sales from restaurants that are consolidated in accordance with FIN 46R.
Rents and Royalties	Includes franchisee royalties and rental revenues.
Franchise Fees	Includes the sales revenue from initial equipment packages, as well as fees related to establishing a franchisee's business.
Cost of Sales	Includes costs associated with our distribution business, including cost of goods, direct labour and depreciation, as well as the cost of goods delivered by third-party distributors to the restaurants, and for canned coffee sold through grocery stores. Cost of sales also includes food, paper and labour costs for Company-operated restaurants and restaurants that are consolidated in accordance with FIN 46R.
Operating Expenses	Includes rent expense related to properties leased to franchisees and other property-related costs (including depreciation).
Franchise fee costs	Includes costs of equipment sold to franchisees as part of the commencement of their restaurant business, as well as training and other costs necessary to ensure a successful restaurant opening.
General and Administrative	Includes costs that cannot be directly related to generating revenue, including expenses associated with our corporate and administrative functions, allocation of expenses related to corporate functions, depreciation of office equipment, the majority of our information technology systems, and head office real estate.
Equity Income	Includes income from equity investments in joint ventures and other minority investments over which we exercise significant influence. Equity income from these investments is considered to be an integrated part of our business operations and is, therefore, included in operating income. Income amounts are shown as reductions to total costs and expenses.
Other Income and Expense	Includes expenses (income) that are not directly derived from the Company's primary businesses. Items include restaurant closure costs, currency adjustments, real estate sales, minority interest related to the consolidation of restaurants pursuant to FIN 46R, and other asset write-offs.
Comprehensive Income	Represents the change in our net assets during the reporting period from transactions and other events and circumstances from non-owner sources. It includes net income and other comprehensive income such as foreign currency translation adjustments and the impact of cash flow hedges.