UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):  November 29, 2013

TIM HORTONS INC.
(Exact name of registrant as specified in its charter)

Canada 001-32843 98-0641955
(State or other jurisdiction of (Commission File Number) (IRS Employer Identification No.)
incorporation)

874 Sinclair Road, Oakville, ON, Canada L6K 2Y1
(Address of principal executive offices) (Zip Code)

(905) 845-6511
(Registrant’s telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 1.01 Entry into a Material Definitive Agreement.

The information provided in Item 2.03 of this Form 8-K is incorporated by reference into this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On November 29, 2013, Tim Hortons Inc. (the “Corporation”) completed its Canadian private placement transaction of $450 million of senior unsecured 10-year notes, for net proceeds of approximately $448 million (net of agent commissions), which was priced at $999.76 per $1,000 principal amount of notes, to yield 4.523%. RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc. and Citigroup Global Markets Canada Inc. acted as agents in the sale of the 4.52% Senior Unsecured Notes, Series 2, due December 1, 2023 (the “Notes”), in reliance upon exemptions from the prospectus requirements under applicable Canadian securities legislation. The Notes were issued pursuant to a Trust Indenture dated June 1, 2010 (the “Master Indenture”) between the Corporation and BNY Trust Company of Canada, as trustee (the “Trustee”), as supplemented by a Second Supplemental Trust Indenture dated November 29, 2013 (the “Second Supplemental Trust Indenture” and, together with the Master Indenture, the “Indenture”). The net proceeds will be used to repay the amount of revolving indebtedness outstanding under the senior revolving facility credit agreement dated as of October 4, 2013, among certain parties, including the Corporation, as borrower, and the “Lenders” from time to time that are parties thereto (the “2013 Senior Bank Facility”), and for general corporate purposes. The proceeds of the 2013 Senior Bank Facility are available for general corporate purposes, including the purchase by the Corporation of its common shares under any substantial or normal course issuer bid, by private agreement, or otherwise, or a cash distribution to shareholders of the Corporation.

The Notes will be senior unsecured obligations of the Corporation and are initially guaranteed by the Corporation’s wholly-owned subsidiary, The TDL Group Corp. (“TDL”), subject to subsequent release and/or replacement under the terms of the Indenture. TDL executed a Supplement to Guarantee dated November 29, 2013, confirming that the Notes are subject to the guarantee from TDL in favor of the Trustee made on June 1, 2010.

The Corporation may, at its option, redeem the Notes, in whole or in part, at any time, upon not less than 30 days’ and not more than 60 days’ notice, at a redemption price provided for in the Indenture, together with accrued and unpaid interest, if any, to the date fixed for redemption. Notwithstanding the foregoing, on or after September 1, 2023, the Corporation may, at its option, redeem the Notes in whole but not in part, upon not less than 30 days’ and not more than 60 days’ notice, at par, together with accrued and unpaid interest, if any, to the date fixed for redemption.
For certain change of control transactions, the Corporation (or identified third party) must offer to repurchase the Notes at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Notes provide for interest to be paid at 4.52% per annum, payable in cash in semi-annual installments, in arrears, on June 1 and December 1 in each year until maturity. The first interest payment is due June 1, 2014 and will be in the amount of $22.84767123 per $1,000 principal amount (long first coupon).

The Indenture provides for customary events of default. If an event of default under the Indenture occurs and is continuing, the Trustee, or holders of at least 51% of the aggregate principal amount of the outstanding notes issued under the Indenture (or, if applicable, notes issued under the Indenture of a particular series) may declare the principal amount of all such notes and interest accrued thereon to be due and payable immediately.

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”) or any other state securities laws and were not and may not hereafter be offered, sold or delivered within the United States of America or its territories or possessions or to U.S. persons absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities law.

A copy of the Second Supplemental Indenture (including the form of Note) is attached hereto as Exhibit 4.1, and is incorporated by reference to this Item 2.03. The information provided in this Item 2.03 is qualified in its entirety by reference to the full text of the Second Supplemental Indenture contained in Exhibit 4.1, and by Item 2.03 of the Corporation’s Form 8-K filed June 1, 2010, which is incorporated by reference into this Item 2.03.

Item 8.01 Other Events

On November 27, 2013, the Corporation issued a press release announcing the pricing of the 4.52% Senior Unsecured Notes, Series 2, due December 1, 2023, for offer, sale and distribution exclusively in Canada. The full text of the Corporation’s press release is attached hereto as Exhibit 99.1.
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<td>Second Supplemental Trust Indenture, dated November 29, 2013, by and between the Corporation and BNY Trust Company of Canada, as trustee</td>
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIM HORTONS INC.

Date: December 5, 2013

By: /s/ CYNTHIA J. DEVINE

Cynthia J. Devine
Chief Financial Officer
TIM HORTONS INC.

and

BNY TRUST COMPANY OF CANADA

SECOND SUPPLEMENTAL TRUST INDENTURE

Dated as of November 29, 2013

Supplementing the Trust Indenture dated as of June 1, 2010 between Tim Hortons Inc. and BNY Trust Company of Canada

and

providing for the issue of
4.52% Senior Unsecured Notes, Series 2, due December 1, 2023
in the aggregate principal amount of Cdn.$450,000,000
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THIS SECOND SUPPLEMENTAL TRUST INDENTURE dated as of November 29, 2013

BETWEEN:

TIM HORTONS INC., a corporation incorporated under the laws of Canada

(the “Issuer”)

-and-

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada

(the “Trustee”)

RECITALS:

A. The Issuer and the Trustee have entered into a trust indenture dated as of June 1, 2010 (the “Master Indenture”, together with this Second Supplemental Indenture, the “Trust Indenture”), an indenture supplemental to the Master Indenture dated as of June 1, 2010, and an indenture supplemental to the Master Indenture dated as of December 1, 2010.

B. Pursuant to Section 2.2 and Section 14.1 of the Master Indenture, the Issuer may issue one or more series of senior unsecured notes containing such terms, provisions and conditions as may be set forth in a Supplemental Indenture pertaining to the notes of such series.

C. This Second Supplemental Indenture is entered into for the purpose of providing for the issue of 4.52% Senior Unsecured Notes, Series 2, due December 1, 2023, in the aggregate principal amount of Cdn.$450,000,000 pursuant to the Master Indenture, and establishing the terms, provisions and conditions of the Series 2 Notes to be issued under this Second Supplemental Indenture.

NOW THEREFORE THIS SECOND SUPPLEMENTAL TRUST INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 To be Read with Master Indenture

This Second Supplemental indenture is a Supplemental Indenture within the meaning of the Master Indenture. The Master Indenture and this Second Supplemental Indenture shall be read together and shall have effect so far as practicable as though all the provisions of both indentures were contained in one instrument.
1.2 Second Supplemental Indenture

The terms “this Second Supplemental Indenture”, “this indenture”, “herein”, “hereof”, “hereby”, “hereunder”, and similar expressions, unless the context otherwise specifies or requires, refer to the Master Indenture, as amended and supplemented by this Second Supplemental Indenture and not to any particular Article, section, subsection or clause or other portion thereof, and include every instrument supplemental or ancillary to this Second Supplemental Indenture. For clarity and avoidance of doubt, the provisions of this Second Supplemental Indenture shall only be applicable to the Series 2 Notes issued hereunder and shall not be applicable to any other notes currently outstanding or hereafter issued.

1.3 Definitions

All terms which are defined in the Master Indenture and used but not defined in this Second Supplemental Indenture shall have the meanings ascribed to them in the Master Indenture, as such meanings may be amended by this Second Supplemental Indenture. In the event of any inconsistency between the terms in the Master Indenture and this Second Supplemental Indenture, the terms in this Second Supplemental Indenture shall prevail. Subject to the foregoing, in this Second Supplemental Indenture and in the Series 2 Notes the following terms have the following meanings:

“Board of Directors” means the board of directors of the Issuer;

“Canada Yield Price” means a price equal to the price of the Series 2 Notes calculated to provide a yield to maturity (calculated from the redemption date), compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the business day preceding the day on which the Issuer gives notice of redemption pursuant to the Trust Indenture, plus 0.485%;

“Change of Control” means the occurrence of any one of the following: (a) the direct or indirect sale, transfer, conveyance, lease or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the property and assets of the Issuer and its Subsidiaries, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction (other than to the Issuer or its Subsidiaries or other related entity (not involving a Third Party) formed for the purpose of completing a corporate reorganization); (b) the consummation of any transaction including any consolidation, amalgamation, merger or issue of voting shares the result of which is that any Person or group of Persons acting jointly or in concert for purposes of such transaction (other than the Issuer and its Subsidiaries) becomes the beneficial owner, directly or indirectly, of more than 50% of the voting shares of the Issuer, measured by voting power rather than number of shares (but shall not include the creation of a holding company or similar transaction that does not involve a change in the beneficial ownership of the Issuer); or (c) the first day on which a majority of the members of the Board of Directors are not Continuing Directors;

“Change of Control Offer” has the meaning set out in Section 3.1(a);
“Change of Control Payment” has the meaning set out in Section 3.1(a);

“Change of Control Payment Date” has the meaning set out in Section 3.1(b);

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Event;

“Continuing Director” means, as of any date of determination, any member of the Board of Directors who: (a) was a member of such Board of Directors on the date of the issuance of the Series 2 Notes; or (b) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Issuer’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination);

“Government of Canada Yield” on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to maturity of the Series 2 Notes, such yield to maturity being the average of the yields provided by two Canadian investment dealers specified by the Issuer;

“Investment Grade Rating” means a rating equal to or higher than BBB (low) (or the equivalent successor rating category of DBRS) by DBRS, or the equivalent investment grade credit rating from any other Specified Rating Agency;

“Master Indenture” has the meaning set out in Recital A;

“Rating Event” means the rating on the Series 2 Notes is lowered to below an Investment Grade Rating by the Specified Rating Agency on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Series 2 Notes is under publicly announced consideration for a possible downgrade by the Specified Rating Agency, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (a) the occurrence of a Change of Control and (b) public notice of the occurrence of a Change of Control or of the Issuer’s intention or agreement to effect a Change of Control;

“Redemption Price” means, with respect to a Series 2 Note to be redeemed, (a) in whole prior to September 1, 2023, the greater of (i) the Canada Yield Price and (ii) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption; (b) in whole on or after September 1, 2023, par, together with accrued and unpaid interest, if any, to the date fixed for redemption, and (c) in part from time to time, the greater of (i) the Canada Yield Price and (ii) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption;

“Series 2 Notes” means the notes referred to in Section 2.1 hereof;
“Specified Rating Agency” shall mean DBRS, as long as such entity has not ceased to rate the Series 2 Notes or failed to make a rating of the Series 2 Notes publicly available for reasons outside of the Issuer’s control; provided that if DBRS ceases to rate the Series 2 Notes or fails to make a rating of the Series 2 Notes publicly available for reasons outside of the Issuer’s control, the Issuer may select any other “designated rating organization” within the meaning of National Instrument 41-101 of the Canadian Securities Administrators as a replacement agency; and

“Trust Indenture” has the meaning set out in Recital A.

ARTICLE 2
THE SERIES 2 NOTES

2.1 Creation and Design

The Issuer is authorized in accordance with the Trust Indenture to issue under this Second Supplementary Indenture a series of notes designated as “Senior Unsecured Notes, Series 2”.

2.2 Limitation on Aggregate Principal Amount

The aggregate principal amount of Series 2 Notes which may be issued under this Second Supplemental Indenture is unlimited provided that the initial issuance hereunder shall be in the aggregate principal amount of Cdn.$450,000,000.

2.3 Attributes of Series 2 Notes

The Series 2 Notes shall have the attributes as set out in Schedule “A” attached hereto.

2.4 Form of Series 2 Notes

The Series 2 Notes shall be issuable initially as one Global Note held by, or on behalf of, CDS Clearing and Depository Services Inc., as depository, for its participants and registered in the name of the Depository or its Nominee. The Global Note will be substantially in the form set out in Schedule “B” hereto with such appropriate additions, deletions, substitutions and variations as the Trustee and the Issuer may approve and shall bear such distinguishing letters and numbers as the Trustee may approve, with such approval in each case to be conclusively deemed to have been given by the Trustee certifying such Series 2 Notes.

2.5 Location of Registers

With respect to the Series 2 Notes, the Registers referred to in Section 3.1 of the Trust Indenture shall be kept by and at the principal offices of the Trustee and may be kept in such other place or places, if any, by the Trustee or by such other Registrar or Registrars (if any) as the Issuer, with the approval of the Trustee, may designate.

2.6 Additional Amounts

The Issuer will not be required to pay any additional amounts on the Series 2 Notes in respect of any tax, assessment or government charge withheld or deducted, or any other cost, charge or payment of any nature or type other than as expressly contemplated by the Trust Indenture or this Second Supplemental Indenture.
2.7 Trustee, etc.

The Trustee will be the trustee, authenticating agent, Paying Agent, transfer agent and Registrar for the Series 2 Notes.

2.8 Redemption and Repurchase

(a) The Issuer may, at its option, redeem the Series 2 Notes upon not less than 30 days’ and not more than 60 days’ notice to the holders of the Series 2 Notes to be redeemed, in whole, at any time, or in part from time to time, at a redemption price which is equal to the greater of (i) the Canada Yield Price and (ii) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption. Notwithstanding the foregoing, on or after September 1, 2023, the Issuer may, at its option, redeem the Series 2 Notes in whole but not in part, upon not less than 30 days’ and not more than 60 days’ notice to the holders of Series 2 Notes, at par, together with the accrued and unpaid interest, if any, to the date fixed for redemption. The Issuer will otherwise carry out the redemption of the Series 2 Notes in accordance with Article 5 of the Trust Indenture. Less than all of the Series 2 Notes may be redeemed, and if so redeemed, shall be redeemed in accordance with Section 5.3 of the Trust Indenture.

(b) The Issuer shall be entitled at any time and from time to time to purchase for cancellation Series 2 Notes (which may include purchases from or through an investment dealer or firm holding membership on a recognized stock exchange or by tender or by private contract at any price). In accordance with Section 5.6 of the Master Indenture, Series 2 Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2 Notes may be purchased, and if so purchased, shall be purchased for cancellation in accordance with Section 5.1 of the Master Indenture.

ARTICLE 3
OFFER TO REPURCHASE SERIES 2 NOTES

3.1 Offer to Repurchase Series 2 Notes on Change of Control Triggering Event

(a) If a Change of Control Triggering Event occurs, unless the Issuer has exercised its right to redeem all of the Series 2 Notes pursuant to Section 2.8 of this Second Supplemental Indenture, the Issuer will be required to make an offer to repurchase all or, at the Holder’s option, any part (equal to Cdn.$1,000 or an integral multiple thereof) of each Holder’s Series 2 Notes on the terms set forth in this Section 3.1 (the “Change of Control Offer”). In the Change of Control Offer, the Issuer shall be required to offer payment in cash equal to 101% of the outstanding principal amount of Series 2 Notes together with accrued and unpaid interest thereon, if any, to the date of purchase (the “Change of Control Payment”).

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall give written notice to each Holder, with a copy to the Trustee, describing the transaction or transactions which constitute the Change of Control Triggering Event
and offering to repurchase the Series 2 Notes on the payment date set out in the notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is given (the “Change of Control Payment Date”), pursuant to the procedures required by this Section 3.1 and described in such notice. The Issuer (or, as applicable, the Third Party referred to in Section 3.1(e)) shall comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Series 2 Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws or regulations conflict with the provisions of this Section 3.1, the Issuer (or, as applicable, the Third Party) shall comply with such laws and regulations and shall not be deemed to have breached any of its obligations under this Section 3.1 to repurchase the Series 2 Notes by virtue of such compliance to the extent of any such conflict. The Trustee shall (at the Issuer’s option) act as depository in respect of the Change of Control Offer on behalf of the Issuer.

(c) On the Change of Control Payment Date, the Issuer or Third Party, if applicable, shall, to the extent lawful:

(i) accept or direct the Trustee to accept for payment all Series 2 Notes or portions of Series 2 Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Trustee an amount of money equal to the Change of Control Payment in respect of all Series 2 Notes or portions of Series 2 Notes properly tendered pursuant to the Change of Control Offer; and

(iii) deliver or cause to be delivered to the Trustee (to the extent that the Trustee has not taken delivery in its capacity as depository under the Change of Control Offer) the Series 2 Notes properly accepted, together with an Officer’s Certificate stating the aggregate principal amount of the Series 2 Notes or portions of Series 2 Notes being purchased by the Issuer.

(d) The Trustee will as soon as practicable pay to each Holder of properly tendered Series 2 Notes an amount equal to the Change of Control Payment in respect of such Series 2 Notes, or portion thereof, as applicable, either, at the Trustee’s option, by mailing (first class mail, postage prepaid) a cheque to such Holder or by means of a wire transfer in accordance with the applicable payment procedures of the Depository, and the Trustee will as soon as practicable certify and mail (first class mail, postage prepaid) (or cause to be transferred by book-entry) to each such Holder a new Series 2 Note equal in principal amount to any unpurchased portion of any Series 2 Notes surrendered; provided that each new Series 2 Note will be in a principal amount of Cdn.$1,000 and integral multiples of Cdn.$1,000 in excess thereof.

(e) Notwithstanding anything set forth herein that may be construed to the contrary, the Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a Third Party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer made by the Issuer pursuant to the provisions of this Section 3.1 (and for at
least the same purchase price payable in cash) and such Third Party purchases all Series 2 Notes properly tendered and not withdrawn under its offer.

(f) All Series 2 Notes purchased by the Issuer under the provisions of this Article 3 shall be forthwith delivered to and cancelled by the Trustee at the principal office of the Trustee in Toronto, Ontario, and no Series 2 Notes shall be issued in substitution thereof except in respect of any unpurchased portion of any Series 2 Notes surrendered.

ARTICLE 4
MISCELLANEOUS

4.1 Acceptance of Trust

The Trustee accepts the trusts in this Second Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Second Supplemental Indenture and in accordance with the Master Indenture.

4.2 Confirmation of Master Indenture

The Master Indenture, as amended and supplemented by this Second Supplemental Indenture is in all respects confirmed.

4.3 Counterparts

This Second Supplemental Indenture may be executed in several counterparts and delivered by facsimile, each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

[The remainder of this page intentionally left blank.]
IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture under the hands of the proper officers in that behalf.

TIM HORTONS INC.

Per: /s/ JILL E. AEBKER
Name: Jill E. Aebker
Title: Executive Vice President,
       General Counsel and Secretary

Per: /s/ CYNTHIA J. DEVINE
Name: Cynthia J. Devine
Title: Chief Financial Officer

BNY TRUST COMPANY OF CANADA, as Trustee

Per: /s/ FARHAN MIR
Name: Farhan Mir
Title: Authorized Signatory
**SCHEDULE A**  
**ATTRIBUTES OF THE SERIES 2 NOTES**

| Designation: | 4.52% Senior Unsecured Notes, Series 2 |
| Principal Amount: | CDN $450,000,000 |
| Denomination: | Minimum denominations of $1,000 and $1,000 increments thereafter. |
| Form of Note: | Fully registered Global Note, registered in the name of CDS &Co. |
| Interest Rate: | 4.52% |
| Original Date of Issue: | November 29, 2013 |
| Stated Maturity: | December 1, 2023 |

**Interest Payment Date(s):**  
The Series 2 Notes will bear interest from the date of issuance at the rate of 4.52% per annum. Interest on the Series 2 Notes will be payable in cash in equal semi-annual instalments, in arrears, in the amount of $22.60 per $1,000 principal amount on the 1st day of June and December of each year (or if such day is not a business day, the next following business day), commencing on June 1, 2014, provided that the interest payment on June 1, 2014 will be in the amount of $22.84767123 per $1,000 principal amount (long first coupon). Interest on each Global Note shall be paid to the Depository or the Nominee, as the case may be, as the registered holder of the Global Note.

**Record Date(s):**  
Ten Business Days prior to the applicable Interest Payment Date.

**Payment Currency of Principal, Interest and Premium (if any):**  
Canadian Dollars

**Day Count Convention:**  
Actual/365 for periods less than six months.

**Redemption and Repurchase:**  
Redeemable and can be repurchased prior to the Stated Maturity as specified in Section 2.8 of the Second Supplemental Indenture.

**Offer to Repurchase upon Change of Control Triggering Event:**  
The Issuer or Third Party is required, upon the occurrence of a Change of Control Triggering Event (as defined in the Second Supplemental Indenture) and subject to and in accordance with the provisions of Article 3 of the Second Supplemental Indenture, to make an offer to repurchase the Series 2 Notes at a price equal to 101% of the outstanding principal amount of the Series 2 Notes together with accrued but unpaid interest thereon, if any, to the date of purchase.
SCHEDULE B
FORM OF SERIES 2 NOTE
SERIES 2 GLOBAL NOTE

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO TIM HORTONS INC. (THE “ISSUER”) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.


REGISTERED
TIM HORTONS INC.

4.52% SENIOR UNSECURED NOTES, SERIES 2

Note No. 4
Principal Amount: $450,000,000 ($450 million dollars)
Currency: Canadian Dollars
Interest Rate: 4.52% per annum
Stated Maturity: December 1, 2023
Record Date(s): The tenth Business Day prior to such Interest Payment Date
Day Count Convention: Actual/365 for periods less than six months
Other Provisions: See “Redemption” below

ISIN No. CA 88706MAC79
CUSIP No. 88706MAC7

Denominations (if other than Cdn. Dollars or Cdn. Dollar denominations of a minimum denomination of Cdn.$1,000 and thereafter in integral multiples of $1,000): N/A

Original Date of Issue: November 29, 2013
Interest Payment Date(s): June 1 and December 1 in each year, commencing on June 1, 2014 (the “Initial Interest Payment Date”).
Payment Currency of Principal, Interest and Premium (if any):
[X] Canadian Dollars
[X] Specified Currency
Addendum Attached
[X] Yes
[X] No
Redemption: Under the Trust Indenture (as defined below), the Issuer may, at its option, redeem the Series 2 Notes, in whole, at any time, or in part from time to time, upon not less than 30 days’ and not more than 60 days’ notice to the holders of the Series 2 Notes to be redeemed at a redemption price which is equal to the greater of (i) the Canada Yield Price and (ii) par, together, in each case, with the accrued and unpaid interest, if any, to the date fixed for redemption. Notwithstanding the foregoing, on or after September 1, 2023, the Issuer may at its option, redeem the Series 2 Notes in whole but not in part, upon not less than 30 days’ and not more than 60 days’ notice to the holders of the Series 2 Notes, at par, together with the accrued and unpaid interest, if any, to the date fixed for redemption. In cases of partial redemption, the Series 2 Notes to be redeemed will be selected by the Trustee on a pro rata basis in such manner as the Trustee shall deem equitable.

“Canada Yield Price” means a price equal to the price of the Series 2 Notes calculated to provide a yield to maturity (calculated from the redemption date), compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the business day preceding the day on which the Issuer gives notice of redemption pursuant to the Trust Indenture, plus 0.485%; and

“Government of Canada Yield” on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to maturity of the Series 2 Notes, such yield to maturity being the average of the yields provided by two Canadian investment dealers specified by the Issuer.
TIM HORTONS INC. (the “Issuer”) for value received hereby promises to pay to the registered holder hereof on the Stated Maturity, or on such earlier date as the Principal Amount may become due in accordance with the provisions of the Trust Indenture (as defined below), on presentation and surrender of this 4.52% Senior Unsecured Note, Series 2 due December 1, 2023 (the “Series 2 Note”) at the principal office of the Trustee (as defined below), the Principal Amount in lawful money of Canada, and to pay interest on the Principal Amount, from time to time outstanding, at the Interest Rate per annum, in like money, in equal semi-annual instalments, in arrears, in the amount of $22.60 per $1,000 principal amount, on the Interest Payment Dates in each year, commencing on the Initial Interest Payment Date and the last such payment to be payable on the date of the Stated Maturity, provided that the interest payment on the Initial Interest Payment Date will be in the amount of $22.84767123 per $1,000 principal amount, and if the Issuer at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money, at the principal office of the Trustee and semi-annually on the same dates.

This Series 2 Note is a single registered Note representing Cdn.$450,000,000 of the 4.52% Senior Unsecured Notes, Series 2 due December 1, 2023 of the Issuer issued under a trust indenture (the “Master Indenture”) dated June 1, 2010 made between the Issuer and BNY Trust Company of Canada (the “Trustee”), as supplemented by a Second Supplemental Indenture dated November 29, 2013 (the “Second Supplemental Indenture”) made between the Issuer and the Trustee (the “Second Indenture” together with the Master Indenture, the “Trust Indenture”).

Reference is hereby expressly made to the Trust Indenture and all instruments supplemental thereto for a description of the terms and conditions upon which this Series 2 Note is issued and held and the rights and remedies of the holder of this Series 2 Note and of the Issuer and of the Trustee, all of which are incorporated by reference in this Series 2 Note and to all of which the holder of this Series 2 Note, by acceptance hereof, agrees. The provisions of this Series 2 Note are qualified in their entirety by the provisions of the Trust Indenture. A Noteholder may obtain from the Trustee a copy of the Trust Indenture on written request and upon payment of a reasonable copying charge.

Interest payments will be made by the Issuer by electronic funds transfer or wire transfer (or other payment method as agreed by the Issuer and the Trustee) to the Depository or the Nominee on each Interest Payment Date, (except in case of payment at maturity, on redemption, repurchase or pursuant to a Change of Control Offer at which time payment of interest will be made only upon surrender of this Series 2 Note). The forwarding of such payments to the Depository or the Nominee shall satisfy and discharge the liability for interest upon this Series 2 Note to the extent of the sum represented thereby (plus the amount of any tax, assessment or other government charge required by law to be deducted or withheld).

The Series 2 Notes are direct senior unsecured obligations of the Issuer. The Series 2 Notes rank equally and pari passu with each other and with the Notes of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, with all other senior unsubordinated and unsecured indebtedness of the Issuer for Borrowed Money, except as to any sinking fund which pertains exclusively to any particular indebtedness of the Issuer.
This Series 2 Note has been unconditionally (except to the extent otherwise provided in the Trust Indenture) and irrevocably guaranteed as to the payment of principal, ‘interest, Premium, if any, in accordance with the terms of the Trust Indenture by certain Guarantor(s). Any guarantee of the Series 2 Note is subject to the provisions of the Trust Indenture, including Article 6 thereof.

At any time and from time to time, the Issuer may purchase all or any of Series 2 Notes (which shall include purchase from or through an investment dealer or other market intermediary or by tender or by private contract), provided that no Event of Default would result from such purchase.

The Issuer is required, subject to the occurrence of a Change of Control Triggering Event and subject to and in accordance with the provisions of the Trust Indenture, unless the Issuer has exercised its optional right to redeem all of the Series 2 Notes, to make an offer to repurchase all or, at the option of the holder of Series 2 Notes, any part (equal to Cdn.$1,000 or an integral multiple thereof) of such holder’s Series 2 Notes, at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Principal Amount may become or be declared due before the Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Trust Indenture.

The Master Indenture contains provisions for the holding of meetings of holders of Notes and making resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the Notes outstanding binding on all holders of Notes issued by the Issuer pursuant to the Master Indenture, subject to the provisions of the Second Supplemental Indenture.

This Series 2 Note may be transferred only upon compliance with the conditions prescribed in the Trust Indenture on one of the Registers kept at the principal offices of the Trustee in Toronto and at such other place or places, if any, and by such other Registrar or Registrars, if any, as the Issuer may designate, by the registered holder hereof or the holder’s legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other registrar.

This Series 2 Note shall not become obligatory for any purpose until it shall have been certified by the manual signature of the Trustee under the Trust Indenture.

This Series 2 Note and the Trust Indenture are governed by, and are to be construed and enforced with, the laws of the Province of Ontario.

The parties hereto have declared that they have required that this Series 2 Note and all other documents related hereto be in the English language.

Les parties aux présentes ont déclaré qu’elles ont exigé que le présent certificat, de même que tous les documents s’y rapportant, soient redigés en anglais.
All capitalized terms used in this Series 2 Note which are not otherwise defined shall have the meanings ascribed to such terms in the Trust Indenture.
IN WITNESS WHEREOF the Issuer has caused this Series 2 Note to be signed by its Authorized Officers as of the 29th day of November, 2013.

TIM HORTONS INC.

____________________________________
Authorized Signatory

____________________________________
Authorized Signatory
TRUSTEE’S CERTIFICATE

This Series 2 Note is a single registered Note representing Cdn.$450,000,000 of the 4.52% Senior Unsecured Notes, Series 2 due December 1, 2023 of the Issuer issued under the Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Trustee

By: ____________________________
Certifying Officer

(NO WRITING HEREON EXCEPT BY THE TRUSTEE OR OTHER REGISTRAR)

ISIN No. CA 88706MAC79
CUSIP No. 88706MAC7

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<th>IN WHOSE NAME REGISTERED</th>
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FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer (s) unto

________________________________________________________________________

(Please print or typewrite assignee’s name and address including postal code)
the within Note and all rights thereunder, hereby irrevocably constituting and appointing

________________________________________________________________________

attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

Dated: ____________________________________________

________________________________________
Signature of transferring registered holder*

Signature of transferring registered holder guaranteed by:**

Dated: ____________________________________________

________________________________________
Signature of Guarantor

* NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

** Signature must be guaranteed by an authorized officer of a Canadian chartered bank or a major Canadian trust company or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.
SUPPLEMENT TO GUARANTEE

TO:  BNY TRUST COMPANY OF CANADA as trustee (the “Trustee”) under a Trust Indenture (as the same may be supplemented amended restated or replaced from time to time, the “Trust Indenture”) dated as of June 1, 2010 providing for the issuance of Notes (as defined therein) of Tim Hortons Inc. (the “Obligor”).

THIS SUPPLEMENT TO GUARANTEE is made as of this 29th day of November, 2013.

WHEREAS pursuant to the guarantee made the 1st day of June 2010 (the “Guarantee”) by the undersigned (hereinafter referred to as the “Guarantor”) in favour of the Trustee and each of the holders of the Notes, the Guarantor has guaranteed the Obligations (as defined in the Guarantee) of the Obligor pursuant and subject to the terms of the Trust Indenture;

AND WHEREAS pursuant to the terms of the Trust Indenture, the Obligor and the Trustee are entering into a second supplemental trust indenture (the “Second Supplement”) dated as of November 29, 2013 providing for the issuance of Series 2 Notes (as defined therein) in the aggregate principal amount of Cdn.$450,000,000 (the “Issued Notes”);

NOW THEREFORE THIS SUPPLEMENT TO GUARANTEE WITNESSES that for value received, and intending to be legally bound by this Supplement to Guarantee, the Guarantor hereby confirms in favour of and acknowledges and covenants with the Trustee as follows:

1. All of the Issued Notes are Notes and, accordingly, all principal of and Premium (as defined in the Trust Indenture), if any, and interest on the Issued Notes and all other amounts due or owing to Noteholders (as defined in the Guarantee) in accordance with the terms of the Issued Notes and the Trust Indenture (as supplemented by the Second Supplement) are Obligations in respect of which the terms set forth in the Guarantee apply.

2. The Guarantee, as supplemented by this Supplement to Guarantee, shall remain in full force and effect, and shall continue to guarantee the due and punctual payment to the Noteholders of all Obligations (as such term has been supplemented in Section 1 above) of the Obligor in accordance with the terms of the Trust Indenture and Notes, subject to the release conditions set forth in the Guarantee and the Trust Indenture.

3. The Guarantor shall deliver all such other documents and shall do all such other things as the Trustee reasonably requires from time to time to perform and carry out the purpose and intent of this Supplement to Guarantee.

This Supplement to Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[Signature page to follow]
THE TDL GROUP CORP.

By:  (signed) “Jill E. Aebker”
Name:  Jill E. Aebker
Title:  Executive Vice President, General Counsel, and Corporate Secretary

By:  (signed) “Cynthia J. Devine”
Name:  Cynthia J. Devine
Title:  Chief Financial Officer
Tim Hortons Inc. announces pricing of private offering of $450 million of senior unsecured notes

OAKVILLE, ONTARIO, (November 27, 2013): Tim Hortons Inc. (NYSE: THI, TSX: THI) today announced that it has priced an offering of $450 million principal amount of 4.52% senior unsecured notes due December 1, 2023 (the “Notes”). The offering is expected to close November 29, 2013.

The Notes are being offered in Canada on a private placement basis in reliance upon exemptions from the prospectus requirements under applicable Canadian securities legislation. The Notes will bear interest at a fixed annual coupon rate of 4.52% over the 10-year term. The Notes will rank pari passu with all other senior unsecured and unsubordinated indebtedness of Tim Hortons, except as to any sinking fund and statutorily preferred exceptions.

Net proceeds from the offering are intended to be used primarily to repay indebtedness outstanding under a bridge credit facility, which is available for general corporate purposes, including share repurchases.

The Notes have been provisionally rated BBB with a Stable trend by DBRS Limited. The offering is being made through an agency syndicate of dealers consisting of RBC Dominion Securities Inc., TD Securities Inc. and Scotia Capital Inc. as joint bookrunners, and also including Citigroup Global Markets Canada Inc.

The Notes have not been and will not be qualified for sale to the public under applicable securities laws in Canada and, accordingly, any offer and sale of the Notes in Canada will be made on a basis which is exempt from the prospectus requirements of such securities laws. This news release does not constitute an offer to sell, or the solicitation of an offer to buy, the securities in the United States or any other jurisdiction. The securities have not been and will not be registered under the United States Securities Act of 1933 (the “U.S. Securities Act”) or applicable state securities laws and may not be offered or sold in the United States absent registration or an exemption from the registration requirement under the U.S. Securities Act and applicable state securities laws. The securities being offered have not been approved or disapproved by any Canadian or U.S. securities regulatory authority.

Safe Harbor Statement

Certain information in this news release, particularly information regarding future economic performance, finances, and plans, expectations and objectives of management, and other information, constitutes forward-looking information within the meaning of Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We refer to all of these as forward-looking statements. Various factors including competition in the quick service segment of the food service industry, general economic conditions and others described as “risk factors” in the Company’s 2012 Annual Report on Form 10-K filed February 21, 2013, and our Quarterly Report on Form 10-Q filed on November 7, 2013 with the U.S. Securities and Exchange Commission and Canadian Securities Administrators, could affect the Company’s actual results and cause such results to differ materially from those expressed in, or
implied by, 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 to management’s expectations as of the date hereof.

Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: the absence of a material increase in competition or in volume or type of competitive activity within the quick service restaurant segment of the food service industry; the absence of an adverse event or condition that damages our strong brand position and reputation; our ability to obtain financing on favourable terms; our ability to maintain investment grade credit ratings; prospects and execution risks concerning our U.S. market strategy; general worldwide economic conditions; cost and availability of commodities; the ability of the Company to retain our senior management team or the inability to attract and retain qualified personnel; continuing positive working relationships with the majority of the Company’s restaurant owners; the absence of any material adverse effects arising as a result of litigation; and there being no significant change in the Company’s ability to comply with current or future regulatory requirements.

We are presenting this information for the purpose of informing you of management’s current expectations regarding these matters, and this information may not be appropriate for any other purpose. We assume no obligation to update or alter any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law. Please review the Company’s Safe Harbor Statement at www.timhortons.com/ca/en/about/safeharbor.html.

**Tim Hortons Inc. Overview**

Tim Hortons is one of the largest publicly-traded restaurant chains in North America based on market capitalization, and the largest in Canada. Operating in the quick service segment of the restaurant industry, Tim Hortons appeals to a broad range of consumer tastes, with a menu that includes premium coffee, hot and cold specialty drinks (including lattes, cappuccinos and espresso shots), specialty teas and fruit smoothies, fresh baked goods, grilled Panini and classic sandwiches, wraps, soups, prepared foods and other food products. As of September 29, 2013, Tim Hortons had 4,350 systemwide restaurants, including 3,500 in Canada, 817 in the United States and 33 in the Gulf Cooperation Council. More information about the Company is available at www.timhortons.com.

**For Further information:**
Scott Bonikowsky, (905) 339-6186 or investor_relations@timhortons.com
TIM HORTONS INC.

Safe Harbor Under the Private Securities Litigation Reform Act of 1995 and Canadian Securities Laws

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those disclosed in the statement. Canadian securities laws have corresponding safe harbor provisions, subject to certain additional requirements including the requirement to state the assumptions used to make the forecasts set out in forward-looking statements. Tim Hortons Inc. (the “Company”) desires to take advantage of these “safe harbor” provisions.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “seeks,” “outlook,” “forecast” or words of similar meaning, or future or conditional verbs, such as “will,” “should,” “could” or “may.” Examples of forward-looking statements that may be contained in our public disclosure from time-to-time include, but are not limited to, statements concerning management’s expectations relating to possible or assumed future results, our strategic goals and our priorities, and the economic and business outlook for us, for each of our business segments and for the economy generally. Many of the factors that could determine our future performance are beyond our ability to control or predict. The following factors, in addition to other factors set forth in our Form 10-K filed on February 21, 2013 (“Form 10-K”), and in our Form 10-Q filed on November 7, 2013 (the “Form 10-Q”) with the U.S. Securities and Exchange Commission (“SEC”) and the Canadian Securities Administrators (“CSA”), and in other press releases, communications, or filings made with the SEC or the CSA, could cause our actual results to differ materially from the expectation(s) included in forward-looking statements and, if significant, could materially affect the Company’s business, sales revenue, share price, financial condition, and/or future results, including causing the Company to (i) close restaurants, (ii) fail to realize same-store sales growth targets, which are critical to achieving our financial targets, (iii) fail to meet the expectations of our securities analysts or investors, or otherwise fail to perform as expected, (iv) experience a decline and/or increased volatility in the market price of its stock, (v) have insufficient cash to engage in or fund expansion activities, dividends, or share repurchase programs, or (vi) increase costs, corporately or at restaurant-level, which may result in increased restaurant-level pricing, which in turn may result in decreased guest demand for our products resulting in lower sales, revenue, and earnings. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also materially adversely affect our business, financial condition, and/or operating results. We assume no obligation to update or alter any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: the absence of an adverse event or condition that damages our strong brand position and reputation; the absence of a material increase in competition or in volume of type of competitive activity within the quick service restaurant segment of the food service industry; ability to obtain financing on favorable terms; ability to maintain investment grade credit ratings; prospects and execution risks concerning the U.S. market strategy; general worldwide economic conditions; cost and availability of commodities; the ability to retain our senior management team or the inability to attract and retain new qualified personnel; continuing positive working relationships with the majority of the Company’s restaurant owners; the absence of any material adverse effects arising as a result of litigation; and there being no significant change in the Company’s ability to comply with current or future regulatory requirements. We are presenting this information for the purpose of informing you of management’s current expectations regarding these matters, and this information may not be appropriate for any other purposes.

Factors Affecting Growth and Other Important Strategic Initiatives. There can be no assurance that the Company will be able to achieve new restaurant or same-store sales growth objectives, that new restaurants will be profitable or that strategic initiatives will be successfully implemented. Early in the development of new markets, the opening of new restaurants may have a negative effect on the same-store sales of existing restaurants in the market. The Company may also enter markets where its brand is not well-known and where it has little or no operating experience and, as a result, may not achieve the level of penetration needed in order to drive brand recognition, convenience, increased leverage to marketing dollars, and other benefits the Company believes penetration yields. When the Company enters new markets, it may be necessary to increase restaurant owner relief and support costs, which lowers its earnings. There can be no assurance that the Company will be able to successfully adapt its brand, development efforts, and restaurants to these differing market conditions. The Company’s failure to successfully implement growth and various other strategies and initiatives related to international development may have a negative impact on the overall operation of its business and may result in increased costs or inefficiencies that it cannot currently anticipate. The Company may also continue to selectively close restaurants that are not achieving acceptable levels of profitability or change its growth strategies over time, where appropriate. Such closures may be accompanied by impairment
charges that may have a negative impact on the Company’s earnings. The success of any restaurant depends in substantial part on its location. There can be no assurance that current locations will continue to be attractive as demographic patterns or economic conditions change. If we cannot obtain desirable locations for restaurants at reasonable prices, the Company’s ability to affect its growth strategy will be adversely affected. The Company has vertically integrated manufacturing, warehouse and distribution capabilities which may at times result in delays or difficulties. The Company also intends to evaluate potential mergers, acquisitions, joint-venture investments, alliances, vertical integration opportunities and divestitures, which are subject to many of the same risks that also affect new store development as well as various other risks. In addition, there can be no assurance that the Company will be able to complete the desirable transactions, for reasons including restrictive covenants in debt instruments or other agreements with third parties. The Company may continue to pursue strategic alliances (including co-branding) with third parties for different types of development models and products and there can be no assurance that: significant value will be recognized through such strategic alliances; the Company will be able to maintain its strategic alliances; or, the Company will be able to enter into new strategic relationships in the future. Entry into such relationships as well as the expansion of the Company’s current business through such initiatives may expose it to additional risks that may adversely affect the Company’s brand and business. The Company’s financial outlook and long-range targets are based on the successful implementation, execution and guest acceptance of the Company’s strategic plans and initiatives; accordingly, the failure of any of these criteria could cause the Company to fall short of achievement of its financial objectives and long-range aspirational goals.

**The Importance of Canadian Segment Performance and Brand Reputation.** The Company’s financial performance is highly dependent upon its Canadian operating segment, which accounted for 94.0% of our reportable segment revenues, and 97.5% of our reportable segment operating income in fiscal 2012. Any substantial or sustained decline in the Company’s Canadian business would materially and adversely affect its financial performance. The Company’s success is also dependent on its ability to maintain and enhance the value of its brand, its guests’ connection to and perception of its brand, and a positive relationship with its restaurant owners. Brand value can be severely damaged, even by isolated incidents, including those that may be beyond the Company’s control such as: actions taken or not taken by its restaurant owners relating to health, safety, environmental, welfare, labour, public policy or social issues; contaminated food; litigation and claims (including litigation by, other disputes with, or negative relationship with restaurant owners); failure of security breaches or other fraudulent activities associated with its networks and systems; illegal activity targeted at the Company; and negative incidents occurring at or affecting its strategic business partners (including in connection with co-branding initiatives, international licensing arrangements and its self-serve kiosk model), affiliates, and corporate social responsibility programs. The Company’s brand could also be damaged by falsified claims or the quality of products from its vertically integrated manufacturing plants, and potentially negative publicity from various sources, including social media sites on a variety of topics and issues, whether true or not, which are beyond its control.

**Competition.** The quick service restaurant industry is intensely competitive with respect to price, service, location, personnel, qualified restaurant owners, real estate sites and type and quality of food. The Company and its restaurant owners compete with international, regional and local organizations, primarily through the quality, variety, and value perception of food products offered. The number and location of units, quality and speed of service, attractiveness of facilities, effectiveness of advertising/marketing, promotional and operational programs, discounting activities, price, changing demographic patterns and trends, changing consumer preferences and spending patterns, including weaker consumer spending in difficult economic times, or a desire for a more diversified menu, changing health or dietary preferences and perceptions, and new product development by the Company and its competitors are also important factors. Certain of the Company’s competitors, most notably in the U.S., have greater financial and other resources than it does, including substantially larger marketing budgets and greater leverage from their marketing spend. In addition, the Company’s major competitors continue to engage in discounting, free sampling and other promotional activities.

**Economic Conditions.** The Company’s operating results and financial condition are sensitive to and dependent upon discretionary spending by guests, which may be affected by uncertainty in general economic conditions that could drive down demand for its products and result in fewer transactions or decrease average cheque per transaction at our restaurants. The Company cannot predict the timing or duration of suppressed economic conditions which could have an adverse effect on our business, results of operations and financial condition.

**Product Innovation and Extensions.** Achievement of the Company’s same-store sales strategy is dependent, among other things, on its ability to extend the product offerings of its existing brands and introduce innovative new products. Although it devotes significant focus to the development of new products, the Company may not be successful in developing innovative new products or its new products may not be commercially successful. The Company’s financial results and its ability to maintain or improve its competitive position will depend on its ability to effectively gauge the direction of the market and consumer trends and initiatives and successfully identify, develop, manufacture, market and sell new or improved products in response to such trends.
Senior Management Team. Our success will continue to depend to a significant extent on our executive management team and the ability of other key management personnel to replace executives who retire or resign. We may not be able to retain our executive officers and key personnel or attract additional qualified management personnel to replace executives who retire or resign. Failure to retain our leadership team and attract and retain other important personnel could lead to ineffective management and operations, which would likely decrease our profitability. We are currently in a CEO transition period and our Board of Directors has appointed Mr. Marc Caira to the position of President and Chief Executive Officer, effective July 2, 2013. With the change in leadership, there is a risk to retention of other members of senior management, even with the existing retention program in place, as well as to continuity of business initiatives, plans and strategies through the transition period. In August 2012, we announced the implementation of an organizational structure which includes a Corporate Centre and Business Unit design. We completed the process of realigning roles and responsibilities under that new structure at the end of the first quarter of 2013. As a result of the Corporate reorganization, there has been a slight net reduction in the size of our employee base due to the departure of certain employees. Any lack of required resources for a prolonged period of time could negatively impact our operations and ability to execute our strategic initiatives; harm our ability to retain and motivate employees; and negatively impact our ability to attract new employees.

Commodities. The Company is exposed to price volatility in connection with certain key commodities that it purchases in the ordinary course of business such as coffee, wheat, edible oils, sugar, and other product costs which can impact revenues, costs and margins. Although the Company monitors its exposure to commodity prices and its forward hedging program partially mitigates the negative impact of any costs increases, price volatility for commodities it purchases has increased due to conditions beyond its control, including recent economic and political conditions, currency fluctuations, availability of supply, weather conditions, pest damage and consumer demand and consumption patterns. Increases and decreases in commodity costs are largely passed through to restaurant owners and the Company and its restaurant owners have some ability to increase product pricing to offset a rise in commodity prices, subject to restaurant owner and guest acceptance, respectively. Notwithstanding the foregoing, while it is not our operating practice, we may choose not to pass along all price increases to our restaurant owners. As a result, commodity cost increases could have a more significant effect on our business and results of operations than if we had passed along all increases to our restaurant owners. Price fluctuations may also impact margins as many of these commodities are typically priced based on a fixed-dollar mark-up. Although the Company generally secures commitments for most of its key commodities that generally extend over a six-month period, these may be at higher prices than its previous commitments. If the supply of commodities, including coffee, fails to meet demand, the Company’s restaurant owners may experience reduced sales which, in turn, would reduce our rents and royalty income as well as distribution income. Such a reduction in the Company’s income may adversely impact the Company’s business and financial results.

Food Safety and Health Concerns. Incidents or reports, whether true or not, of food-borne illness and injuries caused by or claims of food tampering, employee hygiene and cleanliness failures or impropriety at Tim Hortons, and the potential health impacts of consuming certain of the Company’s products or other quick service restaurants unrelated to Tim Hortons, could result in negative publicity, damage the Company’s brand value and potentially lead to product liability or other claims. Any decrease in guest traffic or temporary closure of any of the Company’s restaurants as a result of such incidents or negative publicity may have a material adverse effect on its business, results of operations and financial condition.

Distribution Operations and Supply Chain. The occurrence of any of the following factors is likely to result in increased operating costs and decreased profitability of the Company’s distribution operations and supply chain and may also injure its brand, negatively affect its results of operations and its ability to generate expected earnings and/or increase costs, and/or negatively impact the Company’s relationship with its restaurant owners: higher transportation or shipping costs; inclement weather; increased food and other supply costs; having a single source of supply for certain of its food products; potential cost and disruption of a product recall; shortages or interruptions in the availability or supply of perishable food products and/or their ingredients; potential negative impacts on our relationship with our restaurant owners associated with an increase of required purchases, or prices, of products purchased from the Company’s distribution business; and political, physical, environmental, labour or technological disruptions in the Company’s or its suppliers’ manufacturing and/or warehouse plants, facilities or equipment.

Importance of Restaurant Owners. A substantial portion of the Company’s earnings come from royalties and other amounts paid by restaurant owners, who operated 99.5% of the Tim Hortons restaurants as of December 30, 2012. The Company’s revenues and profits would decline and its brand reputation could also be harmed if a significant number of restaurant owners were to experience, among other things, operational or financial difficulties or labour shortages or significant increases in labour costs. Although the Company generally enjoys a positive working relationship with the vast majority of its restaurant owners, active and/or potential disputes with restaurant owners could damage its reputation and/or its relationships with the broader restaurant owner group. The Company’s restaurant owners are independent contractors and, as a result, the quality of their operations may be diminished by factors beyond the Company’s control. Any operational shortcoming of a franchise restaurant is likely to be attributed by consumers to the Company’s entire system, thus damaging its brand reputation.
and potentially affecting revenues and profitability. There can be no assurance that the Company will be able to continue to attract, retain and motivate higher performing restaurant owners.

**Litigation.** The Company is or may be subject to claims incidental to the business, including: obesity litigation; health and safety risks or conditions of the Company’s restaurants associated with design, construction, site location and development, indoor or airborne contaminants and/or certain equipment utilized in operations; employee claims for employment or labor matters, including potentially, class action suits regarding wages, discrimination, unfair or unequal treatment, harassment, wrongful termination, or overtime compensation claims; claims from restaurant owners and/or operators regarding profitability or wrongful termination of their franchise or operating (license) agreement(s); taxation authorities regarding certain tax disputes; and falsified claims. The Company’s current exposure with respect to pending legal matters could change if determinations by judges and other finders of fact are not in accordance with management’s evaluation of these claims and the Company’s exposure could exceed expectations and have a material adverse effect on its financial condition and results of operations.

**Government Regulation.** The Company and its restaurant owners are subject to various international, federal, state, provincial, and local (“governmental”) laws and regulations. The development and operation of restaurants depend to a significant extent on the selection, acquisition, and development of suitable sites, which are subject to laws and regulations regarding zoning, land use, environmental matters (including limitation of vehicle emissions in drive-thrus; anti-idling bylaws; regulation of litter, packaging and recycling requirements; regulation relating to discharge, storage, handling, release and/or disposal of hazardous or toxic substances; and other governmental laws and regulations), traffic, franchise, design and other matters. Additional governmental laws and regulations affecting the Company and its restaurant owners include: business licensing; franchise laws and regulations; health, food preparation, sanitation and safety; privacy; immigration, employment and labor (including applicable minimum wage requirements, benefits, overtime, working and safety conditions, family leave and other employment matters, and citizenship requirements); advertising and marketing; product safety and regulations regarding nutritional content, including menu labeling; existing, new or future regulations, laws, treaties or the interpretation or enforcement thereof relating to tax matters that may affect the Company’s ongoing tax disputes, realization of the Company’s tax assets, disclosure of tax-related matters, and expansion of the Company’s business into new territories through its strategic initiatives, joint-ventures, or other types of programs, projects or activities; tax laws affecting restaurant owners’ business; accounting and reporting requirements and regulations; anti-corruption; and new or future regulations regarding sustainability. Compliance with these laws and regulations and planning initiatives undertaken in connection therewith could increase the cost of doing business and, depending upon the nature of the Company’s and its restaurant owners’ responsive actions thereto, could damage the Company’s reputation. Changes in these laws and regulations, or the implementation of additional regulatory requirements, particularly increases in applicable minimum wages, tax law, planning or other matters may, among other things, adversely affect the Company’s financial results; anticipated effective tax rate, tax liabilities, and/or tax reserves; business planning within its corporate structure; its strategic initiatives and/or the types of projects it may undertake in furtherance of its business; or franchise requirements.

In addition, a taxation authority may disagree with certain views of the Company with respect to the interpretation of tax treaties, laws and regulations and take the position that material income tax liabilities, interests, penalties or amounts are payable by the Company, including in connection with certain of its public or internal company reorganizations. Contesting such disagreements or assessments may be lengthy and costly and, if the Company were unsuccessful in disputing the same, the implications could be materially adverse to it and affect its anticipated effective tax rate, projected results, future operations and financial condition, where applicable.

**International Operations.** The Company’s international operations are and will continue to be subject to various factors of uncertainty, and there is no assurance that international operations will achieve or maintain profitability or meet planned growth rates. The implementation of the Company’s international strategic plan may require considerable management time as well as start-up expenses for market development before any significant revenues and earnings are generated. Expansion into new international markets carries risks similar to those risks described above and more fully in the Form 10-K and the Form 10-Q relative to expansion into new markets in the U.S.; however, some or all of these factors may be more pronounced in markets outside Canada and the U.S. due to cultural, political, legal, economic, regulatory and other conditions and differences. Additionally, the Company may also have difficulty exporting its proprietary products into international markets or finding suppliers and distributors to provide it with adequate supplies of ingredients meeting its standards in a cost-effective manner.

**Market and Other Conditions.** The quick service restaurant industry is affected by changes in international, national, regional, and local economic and political conditions, consumer preferences and perceptions (including food safety, health or dietary preferences and perceptions), discretionary spending patterns, consumer confidence, demographic trends, seasonality, weather events and other calamities, traffic patterns, the type, number and location of competing restaurants, enhanced governmental regulation, changes in capital market conditions that affect valuations of restaurant companies in general or the value of the Company’s stock in particular, and litigation relating to food quality, handling or nutritional content. Factors such
as inflation, higher energy and/or fuel costs, food costs, the cost and/or availability of a qualified workforce and other labour
issues, benefit costs, legal claims, legal and regulatory compliance (including environmental regulations), new or additional
sales tax on the Company’s products, disruptions in its supply chain or changes in the price, availability and shipping costs of
supplies, and utility and other operating costs, also affect restaurant operations and expenses and impact same-store sales and
growth opportunities. The ability of the Company and its restaurant owners to finance new restaurant development,
improvements and additions to existing restaurants, acquire and sell restaurants, and pursue other strategic initiatives (such as
acquisitions and joint-ventures), are affected by economic conditions, including interest rates and other government policies
impacting land and construction costs and the cost and availability of borrowed funds. In addition, unforeseen catastrophic or
widespread events affecting the health and/or welfare of large numbers of people in the markets in which the Company’s
restaurants are located and/or which otherwise cause a catastrophic loss or interruption in the Company’s ability to conduct its
business, would affect its ability to maintain and/or increase sales and build new restaurants. Unforeseen events, including war,
armed conflict, terrorism and other international, regional or local instability or conflicts (including labour issues), embargos,
trade barriers, public health issues (including tainted food, food-borne illness, food tampering and water supply or widespread/
pandemic illness such as the avian, H1N1 or norovirus flu), and natural disasters such as flooding, earthquakes, hurricanes, or
other adverse weather and climate conditions could disrupt the Company’s operations, disrupt the operations of its restaurant
owners, suppliers, or guests, or result in political or economic instability.

**Reliance on Systems.** If the network and information systems and other technology systems that are integral to retail
operations at system restaurants and at the Company’s manufacturing and distribution facilities, and at its office locations are
damaged or interrupted from power outages, computer and telecommunications failures, computer worms, viruses, phishing
and other destructive or disruptive software, security breaches, catastrophic events and improper or personal usage by
employees, such an event could have an adverse impact on the Company and its guests, restaurant owners and employees,
including a disruption of its operations, guest dissatisfaction or a loss of guests or revenues. The Company relies on third-party
vendors to retain data, process transactions and provide certain services. In the event of failure in such third-party vendors’
systems and processes, the Company could experience business interruptions or privacy and/or security breaches surrounding
its data. The Company continues to enhance its integrated enterprise resource planning system. The introduction of new
modules for inventory replenishment, sustainability, and business reporting and analysis will be implemented. There may be
risks associated with adjusting to and supporting the new modules which may impact the Company’s relations with its
restaurant owners, vendors and suppliers and the conduct of its business generally. If the Company fails to comply with new
and/or increasingly demanding laws and regulations regarding the protection of guest, supplier, vendor, restaurant owner,
employee and/or business data, or if the Company (or a third-party with which it has entered into a strategic alliance)
experiences a significant breach of guest, supplier, vendor, restaurant owner, employee or Company data, the Company’s
reputation could be damaged and result in lost sales, fines, lawsuits and diversion of management attention. The use of
electronic payment systems and the Company’s reloadable cash card makes it more susceptible to a risk of loss in connection
with these issues, particularly with respect to an external security breach of guest information that the Company, or third parties
under arrangement(s) with it, control.

**Other Significant Risk Factors.** The following factors could also cause the Company’s actual results to differ from its
expectations: fluctuations in the U.S. and Canadian dollar exchange rates; an inability to adequately protect the Company’s
intellectual property and trade secrets from infringement actions or unauthorized use by others (including in certain
international markets that have uncertain or inconsistent laws and/or application with respect to intellectual property and
contract rights); liabilities and losses associated with owning and leasing significant amounts of real estate; changes in its debt
levels and a downgrade on its credit ratings; and certain anti-takeover provisions that may have the effect of delaying or
preventing a change in control.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date and
time made. Except as required by federal or provincial securities laws, the Company undertakes no obligation to publicly
release any revisions to forward-looking statements, or to update them to reflect events or circumstances occurring after the
date forward-looking statements are made, or to reflect the occurrence of unanticipated events.