Exhibit 99.1

FOR IMMEDIATE RELEASE
(Unaudited. All amounts in Canadian dollars
and presented in accordance with U.S. GAAP)

Tim Hortons Inc. Announces 2010 Second Quarter Results:
Higher same-store sales growth fueled strong consolidated earnings

Financial & Sales Highlights

	Q2 2010	Q2 2009	% Change
Total Revenues	$639.9	$605.5	5.7%
Operating income	$149.9	$129.0	16.1%
Effective Tax Rate	29.5%	32.8%	
Net Income attributable to THI	$ 94.1	$ 77.8	21.0%
Diluted Earnings Per Share (EPS)	$ 0.54	$ 0.43	25.2%
Fully Diluted Shares	174.9	180.9	(3.3)%

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

Results for 2010, and retroactively for 2009, incorporate adoption of new accounting standard SFAS No. 167 – Amendments to FASB No. 46(R), now codified within ASC 810 – Consolidations. This standard relates to consolidation of certain variable interest entities. Please refer to the Company's Form 10-Q for additional information.

Same-Store Sales(1)	Q2 2010	Q2 YTD	Q2 2009
Canada	6.4%	5.8%	1.7%
U.S.	3.1%	3.1%	3.3%

(1) Includes sales at Franchised and Company-operated locations. As of July 4th, 2010, 99.5% of our restaurants in both Canada and in the U.S. were franchised.

Quarterly Highlights

- Significant sales growth in Canada and strong performance in the U.S.
  - Systemwide sales(2) grew 9.2% on a constant currency basis
  - 6.4% increase in same-store sales in Canada
  - 3.1% increase in same-store sales in the U.S.
- Strong consolidated operating income gain of 16.1% with solid contributions from both Canadian and U.S. segments
- EPS growth of 25.2% in second quarter

OAKVILLE, ONTARIO, (August 12th, 2010): Tim Hortons Inc. (TSX: THI, NYSE: THI) today announced its results for the second quarter ended July 4th, 2010.

"Our quarterly same-store sales performance in Canada was the best in several quarters, and the strength of our same-store sales growth in the U.S. was gratifying given continued economic challenges in that market," said Don Schroeder, president and CEO. "We continue to make excellent progress on our growth initiatives and we believe our business is well positioned to continue to drive shareholder value," added Schroeder.

Consolidated Results

All percentage increases and decreases represent year-over-year changes for the second quarter of 2010 compared to the second quarter of 2009, unless otherwise noted.

Systemwide sales[2] increased 9.2% on a constant currency basis. During the quarter total revenues were $639.9 million, an increase of 5.7% compared to $605.5 million last year. Strong systemwide sales growth was the primary driver of total revenue improvement. This growth was partially offset by lower revenues from consolidated variable interest entities and fewer Company-operated restaurants.

During the second quarter operating income was $149.9 million, a 16.1% increase compared to $129.0 million last year. Strong systemwide sales growth drove higher rents, royalties and distribution income. Costs continued to be well managed during the quarter, resulting in improved operating margin. Both equity income and franchise fees were not a significant factor affecting operating income growth in the quarter. The comparable period of 2009 included $2.7 million in costs relating to the public company reorganization.

Net income attributable to Tim Hortons, which excludes the impact of noncontrolling interests, was $94.1 million, an increase of 21.0% compared to $77.8 million in the second quarter of last year. Higher operating income, and a lower year-over-year tax rate primarily due to lower Canadian statutory rates resulting from our public company reorganization, contributed to our strong net income performance. Discrete items further reduced the effective tax rate during the second quarter by approximately 1.1%. The effective tax rate in the quarter was 29.5% compared to 32.8% in the same period last year. Net income in the second quarter was impacted by higher interest expense of $1.8 million primarily related to a partial settlement of an interest rate swap related to the portion of our term debt that was prepaid and the write-off of associated deferred financing costs.

Second quarter diluted earnings per share (EPS) was $0.54, climbing 25.2% compared to $0.43 per share last year. Our EPS growth rate benefited by 4.2% from fewer outstanding shares due to our share repurchase programs.

Note: The Company has retroactively adopted new accounting standard SFAS No. 167 which has impacted prior year reported results, and 2010 actual results, for most revenue and cost line items. The new standard pertains to the consolidation of variable interest entities ("VIEs"). Under the accounting standard, if the Company is determined to be the primary beneficiary of a VIE, we are required to consolidate the VIE assets, liabilities, results of operations and cash flows.

Segmented Performance Commentary

Both operating segments increased their year-over-year earnings performance, contributing to strong consolidated performance.

Canada

Same-store sales in the Canadian segment increased 6.4% compared to the second quarter of 2009, the strongest quarterly year-over-year growth performance since the third quarter of 2007. Successful menu initiatives and promotions, and operational initiatives such as our hospitality strategy, helped contribute to transaction growth during the quarter. Average cheque was positively impacted this quarter by previous pricing in the system, which we expect to have a more moderate impact in the second half of the year as pricing is lapped.

A total of 15 new restaurants were opened in Canada in the second quarter. Also, at the end of the quarter, we had 63 restaurants in Canada co-branded as Cold Stone Creamery© locations which contributed slightly to same-store sales growth in the segment. We have decided to broaden our initial 2010 plan for up to 60 co-branded locations in Canada by an additional 20 to 25 restaurants.

Canadian segment operating income was $149.7 million, increasing 13.1% compared to $132.3 million last year. The significant increase in same-store sales and ongoing restaurant development drove most of the year-over-year increase, benefiting rents, royalties and distribution income. Income also benefited from manufacturing income related to our new coffee roasting facility which began operations in the fourth quarter of 2009. These factors were partially offset by moderately higher general and administrative expenses.

United States

Same-store sales in the U.S. segment grew by 3.1% in the second quarter. Transaction growth was driven by continued menu innovation, value promotions and to a lesser extent Cold Stone Creamery© co-branded locations. Average cheque benefited from additional pricing in the system, offset significantly by promotional activity and value pricing. These initiatives were designed to drive transactions in order to help address continuing economic weakness and ongoing competitive activity in our core U.S. markets. Late in the quarter we also lapped several of the high volume Cold Stone Creamery openings from 2009, which will likely impact year-over-year growth rates to some extent for second half of the year.

A total of 21 Tim Hortons locations opened in the second quarter, including 15 self-serve kiosks. In addition, at the end of the second quarter there were 70 co-branded Tim Hortons and Cold Stone Creamery locations, with 67 of those sites being Tim Hortons restaurants.

The U.S. segment continued its quarterly profitability improvement trend, with a 14% year-over-year increase to $3.6 million compared to $3.1 million last year. The U.S. segment benefited from continued systemwide sales growth which drove higher distribution contributions, and from higher rents and royalties. Fewer Company-operated restaurants than the comparable period was also a significant factor in the U.S. segment operating income performance. Currency translation negatively impacted U.S. segment revenues by 11.9% and operating income by approximately 10.5%.

Corporate Developments

Sale of 50% interest in Maidstone Bakeries

In a separate announcement issued this morning we have disclosed that, further to a previously announced receipt of a buy/sell notice from our joint venture partner Aryzta AG, we have decided to sell our 50% interest in Maidstone Bakeries to Aryzta for gross proceeds of CAD$475 million. The all-cash transaction is subject to receipt of regulatory approvals, and is expected to close before year-end 2010. Our arrangement with Aryzta includes supply chain sourcing and pricing commitments for Timbits™ and donuts that extend until early 2016, and it has supply rights for these products until late 2017 at our option.

The Company maintains flexibility to secure alternative means of supply after the agreement expires, if necessary, and plans to evaluate possible options for the use of net proceeds from a transaction including potential avenues to return value to shareholders. Final decisions regarding the use of proceeds will be announced at the appropriate time. Additional information on this transaction can be found in the separate announcement issued today.

Private placement of $200 million Senior Notes completed

During the second quarter of 2010 we successfully completed a private placement transaction in Canada of $200 million principal amount of senior unsecured 4.20% notes. The debt offering was significantly oversubscribed, indicating strong market support for the Company. The net proceeds of this offering were used primarily to refinance a portion of our outstanding term loan and for general corporate purposes.

Board declares dividend payment of $0.13 per common share

The Board of Directors has declared a quarterly dividend of $0.13 per common share, consistent with our previously announced change in dividend rate and targeted payout range of 30% to 35% of normalized prior-year earnings. The dividend is payable on September 8th, 2010 to shareholders of record as of August 23rd, 2010. Dividends are declared and paid in Canadian dollars to all shareholders with Canadian resident addresses. For U.S. shareholders, dividends paid will be converted to U.S. dollars based on prevailing exchange rates at the time of conversion by Tim Hortons for registered shareholders and by Clearing and Depository Services Inc. for beneficial shareholders.

Tim Hortons conference call today at 2:30 p.m. (EDT) Thursday, August 12th, 2010

Tim Hortons will host a conference call today to discuss the second quarter results, scheduled to begin at 2:30 p.m. (EDT). The dial-in number is (416) 641-6712 or (800) 354-6885. No access code is required. A simultaneous web cast of the call, including presentation material, will be available at www.timhortons-invest.com. A replay of the call will be available until August 19th, 2010 and can be accessed at (416) 626-4100 or (800) 558-5253. The call replay reservation number is 21476996. The call and presentation material will also be archived for a period of one-year in the Events and Presentations section.

Safe Harbor Statement

Certain information in this news release, particularly information regarding future economic performance, finances, and plans, expectations and objectives of management, including as they relate to the Company's progress on growth initiatives and ability to drive shareholder value, the intention to close a transaction for the sale of the Company's 50% interest in a joint venture bakery, the evaluation of possible options for the use of the net proceeds from that sale transaction and related supply chain matters, 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 2009 Annual Report on Form 10-K filed March 4th, 2010 and the Quarterly Report on Form 10-Q filed August 12th, 2010 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 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. 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 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; continuing positive working relationships with the majority of the Company's franchisees; there being no significant change in the Company's ability to comply with current or future regulatory requirements; the absence of any material adverse effects arising as a result of litigation; and general worldwide economic conditions.

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/en/about/safeharbor.html.

(2) Total systemwide sales growth includes restaurant level sales at both Company and Franchise restaurants. Approximately 99.5% of our consolidated system is franchised as at July 4th, 2010. Systemwide sales growth is determined using a constant exchange rate, where noted, 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 2010, systemwide sales growth on a constant currency basis was up 9.2% compared to the second quarter of 2009. Systemwide sales are important to understanding our business performance as they impact our franchise royalties and rental income, as well as our distribution income. Changes in systemwide sales are driven by changes in average same-store sales and changes in the number of systemwide restaurants.

Tim Hortons Inc. Overview

Tim Hortons is the fourth largest publicly-traded restaurant chain 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, flavored cappuccinos, specialty teas, home-style soups, fresh sandwiches, wraps, hot breakfast sandwiches and fresh baked goods, including our trademark donuts. As of July 4th, 2010, Tim Hortons had 3,627 systemwide restaurants, including 3,040 in Canada and 587 in the United States. More information about the Company is available at www.timhortons.com.

For Further information:

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

(Unaudited)

	Second quarter ended July 4, 2010	Second quarter ended June 28, 2009 (Note 1)	$ Change	% Change
REVENUES				
Sales	$444,344	$ 425,348	$18,996	4.5%
Franchise revenues:				
Rents and royalties	175,879	160,824	15,055	9.4%
Franchise fees	19,639	19,287	352	1.8%
	195,518	180,111	15,407	8.6%
TOTAL REVENUES	639,862	605,459	34,403	5.7%
COSTS AND EXPENSES				
Cost of sales	375,347	365,711	9,636	2.6%
Operating expenses	61,560	58,909	2,651	4.5%
Franchise fee costs	20,379	19,615	764	3.9%
General and administrative expenses	36,745	35,694	1,051	2.9%
Equity (income)	(3,760)	(3,367)	(393)	11.7%
Other (income), net	(260)	(152)	(108)	N/M
TOTAL COSTS AND EXPENSES, NET	490,011	476,410	13,601	2.9%
OPERATING INCOME	149,851	129,049	20,802	16.1%
Interest (expense)	(6,878)	(5,058)	(1,820)	36.0%
Interest income	113	120	(7)	(5.8%)
INCOME BEFORE INCOME TAXES	143,086	124,111	18,975	15.3%
INCOME TAXES	42,161	40,648	1,513	3.7%
Net Income	100,925	83,463	17,462	20.9%
Net income attributable to noncontrolling interests	6,804	5,703	1,101	19.3%
NET INCOME ATTRIBUTABLE TO TIM HORTONS INC.	$ 94,121	$ 77,760	$16,361	21.0%
Basic earnings per common share attributable to Tim Hortons Inc.	$ 0.54	$ 0.43	$ 0.11	25.3%
Diluted earnings per common share attributable to Tim Hortons Inc.	$ 0.54	$ 0.43	$ 0.11	25.2%
Weighted average number of common shares outstanding - Basic (in thousands)	174,586	180,731	(6,145)	(3.4%)
Weighted average number of common shares outstanding - Diluted (in thousands)	174,873	180,923	(6,050)	(3.3%)
Dividend per common share	$ 0.13	$ 0.10	$ 0.03	

N/M - not meaningful
(all numbers rounded)

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

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

(Unaudited)

	Year-to-date period ended July 4, 2010	Year-to-date period ended June 28, 2009 (Note 1)	$ Change	% Change
REVENUES				
Sales	$ 850,292	$ 816,464	$33,828	4.1%
Franchise revenues:				
Rents and royalties	335,839	304,988	30,851	10.1%
Franchise fees	36,343	39,714	(3,371)	(8.5%)
	372,182	344,702	27,480	8.0%
TOTAL REVENUES	1,222,474	1,161,166	61,308	5.3%
COSTS AND EXPENSES				
Cost of sales	722,394	703,584	18,810	2.7%
Operating expenses	120,285	115,502	4,783	4.1%
Franchise fee costs	38,205	39,393	(1,188)	(3.0%)
General and administrative expenses	71,417	69,170	2,247	3.2%
Equity (income)	(7,017)	(6,432)	(585)	9.1%
Other (income), net	(397)	(316)	(81)	25.6%
TOTAL COSTS AND EXPENSES, NET	944,887	920,901	23,986	2.6%
OPERATING INCOME	277,587	240,265	37,322	15.5%
Interest (expense)	(12,325)	(10,515)	(1,810)	17.2%
Interest income	460	784	(324)	(41.3%)
INCOME BEFORE INCOME TAXES	265,722	230,534	35,188	15.3%
INCOME TAXES	80,224	75,689	4,535	6.0%
Net Income	185,498	154,845	30,653	19.8%
Net income attributable to noncontrolling interests	12,488	10,646	1,842	17.3%
NET INCOME ATTRIBUTABLE TO TIM HORTONS INC.	$ 173,010	$ 144,199	$28,811	20.0%
Basic earnings per common share attributable to Tim Hortons Inc.	$ 0.99	$ 0.80	$ 0.19	23.9%
Diluted earnings per common share attributable to Tim Hortons Inc.	$ 0.99	$ 0.80	$ 0.19	23.8%
Weighted average number of common shares outstanding - Basic (in thousands)	175,318	180,975	(5,657)	(3.1%)
Weighted average number of common shares outstanding - Diluted (in thousands)	175,571	181,140	(5,570)	(3.1%)
Dividend per common share	$ 0.26	$ 0.20	$ 0.06	

N/M - not meaningful
(all numbers rounded)

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

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

	As at July 4, 2010 (Unaudited)	As at January 3, 2010 (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	$ 157,495	$ 121,653
Restricted cash and cash equivalents	49,958	60,629
Restricted investments	4,997	20,186
Accounts receivable, net	160,105	179,942
Notes receivable, net	19,204	20,823
Deferred income taxes	2,064	3,475
Inventories and other, net	109,592	80,490
Advertising fund restricted assets	25,661	26,681
Total current assets	529,076	513,879
Property and equipment, net	1,489,517	1,494,032
Notes receivable, net	2,641	3,475
Deferred income taxes	10,771	8,919
Intangible assets, net	7,444	8,405
Equity investments	46,594	45,875
Other assets	25,876	19,706
Total assets	$2,111,919	$2,094,291

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

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

	As at July 4, 2010 (Unaudited)	As at January 3, 2010 (Note 1)
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 128,214	$ 135,248
Accrued liabilities:		
Salaries and wages	15,092	23,268
Taxes	25,239	27,586
Other	109,862	111,401
Deferred income taxes	117	376
Advertising fund restricted liabilities	40,850	43,944
Current portion of long-term obligations	109,128	7,821
Total current liabilities	428,502	349,644
Long-term obligations		
Long-term debt	237,100	336,302
Advertising fund restricted debt	344	415
Capital leases	68,314	67,156
Deferred income taxes	12,545	10,159
Other long-term liabilities	73,114	74,929
Total long-term obligations	391,417	488,961
Equity		
Equity of Tim Hortons Inc.		
Common shares		
Authorized: unlimited shares		
Issued: 174,348,514 and 177,318,614 shares, respectively	494,512	502,872
Common stock held in trust, at cost: 330,405 and 278,500 shares, respectively	(11,337)	(9,437)
Contributed surplus	1,937	—
Retained earnings	834,184	796,235
Accumulated other comprehensive loss	(115,405)	(120,061)
Total equity of Tim Hortons Inc.	1,203,891	1,169,609
Noncontrolling interests	88,109	86,077
Total equity	1,292,000	1,255,686
Total liabilities and equity	$2,111,919	$2,094,291

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

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

	Year-to-date period ended	
	July 4, 2010	June 28, 2009 (Note 1)
	(Unaudited)	
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 185,498	$ 154,845
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	57,874	54,972
Stock-based compensation expense	5,447	4,073
Equity income, net of cash dividends	(696)	2,513
Deferred income taxes	1,493	3,714
Changes in operating assets and liabilities		
Restricted cash and cash equivalents	10,697	25,316
Accounts and notes receivable	19,835	19,659
Inventories and other	(27,206)	3,978
Accounts payable and accrued liabilities	(15,899)	(74,610)
Settlement of cash flow hedges	(4,791)	—
Other, net	2,817	315
Net cash provided from operating activities	235,069	194,775
CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		
Capital expenditures	(48,494)	(69,324)
Proceeds from sale of restricted investments	15,240	—
Principal payments received on notes receivable	1,644	733
Other investing activities	(7,418)	(11,841)
Net cash used in investing activities	(39,028)	(80,432)
CASH FLOWS (USED IN) PROVIDED FROM FINANCING ACTIVITIES		
Purchase of common shares / treasury stock	(98,018)	(16,701)
Purchase of common shares held in trust	(3,252)	(713)
Purchase of common shares for settlement of restricted stock units	(377)	(232)
Dividend payments to common shareholders	(45,413)	(36,253)
Distributions and other to noncontrolling interests	(10,456)	(14,147)
Proceeds from issuance of debt, net of issuance costs	200,359	1,150
Principal payments on other long-term debt obligations	(203,218)	(2,551)
Net cash used in financing activities	(160,375)	(69,447)
Effect of exchange rate changes on cash	176	(1,552)
Increase in cash and cash equivalents	35,842	43,344
Cash and cash equivalents at beginning of period	121,653	124,717
Cash and cash equivalents at end of period	$ 157,495	$ 168,061

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

TIM HORTONS INC. AND SUBSIDIARIES
SEGMENT REPORTING
(In thousands of Canadian dollars)
(Note 1 and 2)

(Unaudited)

	Second Quarter ended			
	July 4, 2010	% of Total	June 28, 2009	% of Total
REVENUES				
Canada	$ 538,228	84.1%	$ 468,822	77.4%
U.S.	30,135	4.7%	38,717	6.4%
Total reportable segments	568,363	88.8%	507,539	83.8%
Variable interest entities	71,499	11.2%	97,920	16.2%
Total	$ 639,862	100.0%	$ 605,459	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 149,730	97.7%	$ 132,347	97.7%
U.S.	3,580	2.3%	3,141	2.3%
Reportable Segment Operating Income	153,310	100.0%	135,488	100.0%
Variable interest entities	7,743		6,279	
Corporate charges	(11,202)		(12,718)	
Consolidated Operating Income	149,851		129,049	
Interest expense, net	(6,765)		(4,938)	
Income taxes	(42,161)		(40,648)	
Net Income	100,925		83,463	
Net Income attributable to noncontrolling interests	6,804		5,703	
Net Income attributable to Tim Hortons Inc.	$ 94,121		$ 77,760	

	Year-to-date period ended			
	July 4, 2010	% of Total	June 28, 2009	% of Total
REVENUES				
Canada	$1,006,893	82.4%	$ 897,427	77.3%
U.S.	57,848	4.7%	73,044	6.3%
Total reportable segments	1,064,741	87.1%	970,471	83.6%
Variable interest entities	157,733	12.9%	190,695	16.4%
Total	$1,222,474	100.0%	$1,161,166	100.0%
SEGMENT OPERATING INCOME (LOSS)				
Canada	$ 282,116	98.8%	$ 248,169	99.0%
U.S.	3,334	1.2%	2,577	1.0%
Reportable Segment Operating Income	285,450	100.0%	250,746	100.0%
Variable interest entities	14,223		12,553	
Corporate charges	(22,086)		(23,034)	
Consolidated Operating Income	277,587		240,265	
Interest expense, net	(11,865)		(9,731)	
Income taxes	(80,224)		(75,689)	
Net Income	185,498		154,845	
Net Income attributable to noncontrolling interests	12,488		10,646	
Net Income attributable to Tim Hortons Inc.	$ 173,010		$ 144,199	

	Second Quarter ended			
	July 4, 2010	June 28, 2009	$ Change	% Change
Sales is comprised of:				
Distribution sales	$ 367,390	$ 320,823	$ 46,567	14.5%
Company-operated restaurant sales	5,455	6,605	(1,150)	(17.4)%
Sales from variable interest entities	71,499	97,920	(26,421)	(27.0)%
	$ 444,344	$ 425,348	$ 18,996	4.5%

	Year-to-date period ended			
	July 4, 2010	June 28, 2009	$ Change	% Change
Sales is comprised of:				
Distribution sales	$ 682,114	$ 613,028	$ 69,086	11.3%
Company-operated restaurant sales	10,445	12,741	(2,296)	(18.0)%
Sales from variable interest entities	157,733	190,695	(32,962)	(17.3)%
	$ 850,292	$ 816,464	$ 33,828	4.1%

Note 1 - For comparative purposes, prior year figures have been presented on a consistent basis to reflect the Company's adoption of SFAS No. 167

Note 2 - While the adoption of SFAS No. 167 resulted in the consolidation of its 50-50 bakery joint venture, the Company's chief decision maker continues to view and evaluate the performance of the Canadian segment with this 50-50 bakery joint venture accounted for on an equity accounting basis, which reflects 50% of its operating income (consistent with views and evaluations prior to the adoption of the Standard). As a result, the net revenues, and the remaining 50% of operating income of this joint venture have been included in Variable interest entities along with revenues and operating income from our non-owned consolidated restaurants.

TIM HORTONS INC. AND SUBSIDIARIES
SYSTEMWIDE RESTAURANT COUNT

	As of July 4, 2010	As of January 3, 2010	Increase/ (Decrease) From Year End	As of June 28, 2009	Increase/ (Decrease) From Prior Year
Canada					
Company-operated	14	13	1	15	(1)
Franchised	3,026	3,002	24	2,924	102
Total	3,040	3,015	25	2,939	101
% Franchised	*99.5 %*	*99.6 %*		*99.5 %*	
U.S.					
Company-operated	3	5	(2)	5	(2)
Franchised	584	558	26	531	53
Total	587	563	24	536	51
% Franchised	*99.5 %*	*99.1 %*		*99.1 %*	
Total Tim Hortons					
Company-operated	17	18	(1)	20	(3)
Franchised	3,610	3,560	50	3,455	155
Total	3,627	3,578	49	3,475	152
% Franchised	*99.5 %*	*99.5 %*		*99.4 %*	

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 include in distribution sales. Sales include canned coffee sales through the grocery channel. Sales also include sales from Company-operated restaurants and sales from certain non-owned restaurants that are consolidated in accordance with ASC 810 (formerly FIN 46R) as well as sales from our bakery joint venture which we are required to consolidate.
Rents and Royalties	Includes franchisee royalties and rental revenues.
Franchise Fees	Includes the sales revenue from initial equipment packages, as well as fees for various costs and expenses 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 certain non-owned restaurants that are consolidated in accordance with ASC 810 (formerly FIN 46R) as well as cost of sales from our bakery joint venture.
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, and 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, excluding joint ventures that we are required to consolidate. 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), net	Includes expenses (income) that are not directly derived from the Company's primary businesses. Items include foreign currency adjustments, gains and losses on asset sales, and other asset write-offs.
Noncontrolling interests	Relates to the consolidation of our bakery joint venture and certain non-owned restaurants that the Company is required to consolidate under ASC 810 (formerly SFAS No. 167 and FIN 46R).
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.