

TIM HORTONS INC.
AUDIT COMMITTEE PRE-APPROVAL POLICY

Adopted February 2006
(Most Recently Revised: February 2008)

This Policy identifies the Audit Committee's procedures and conditions for pre-approving audit, audit-related and non-audit services performed by a public accounting firm that acts as the independent auditor (the "Auditor") responsible for auditing the consolidated financial statements of Tim Hortons Inc., a Delaware corporation (the "Company"), and its subsidiaries and affiliates.

I. STATEMENT OF PRINCIPLES

The purpose of this Policy is to set forth the procedures by which the Audit Committee intends to fulfill its responsibilities of ensuring the independence of the Auditor.

The Audit Committee will engage the Auditor for the audit of the Company's consolidated financial statements. Prior to the engagement of the Auditor for any audit or permissible non-audit service, the engagement must be (a) pre-approved pursuant to the pre-approval policies and procedures set forth herein or (b) specifically approved by the Audit Committee. The Audit Committee will not grant broad, categorical approvals for services to be provided; rather, to ensure that the Audit Committee knows precisely what services it is pre-approving, such services must be described in sufficient detail when presented to the Audit Committee for pre-approval.

The appendices to this Policy describe the services that have been pre-approved by the Audit Committee. The Audit Committee intends, as part of its pre-approval procedures, to include cost and time limitations for each audit or non-audit service to be provided by the Auditor. Any proposed services exceeding the pre-approved cost or time limits established for such services in the appendices hereto will require specific approval by the Audit Committee.

The Audit Committee will periodically revise the list of pre-approved services reflected on the appendices hereto from time to time, based on subsequent determinations made by the Audit Committee. Additionally, the Audit Committee may amend this Policy from time to time in accordance with the Audit Committee's charter or the Company's Regulations.

The Auditor has reviewed this Policy and believes that implementation of the Policy will not adversely affect the Auditor's independence.

II. DELEGATION OF AUTHORITY

The Audit Committee may delegate pre-approval authority to one or more of its members, and approval of such member or members within the parameters of this Policy shall constitute approval of the Audit Committee hereunder. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee will not delegate to management the Committee's responsibilities for pre-approving audit and non-audit services performed by the Auditor.

III. AUDIT SERVICES

The annual audit, review and attestation engagement terms and fees are subject to the specific pre-approval of the Audit Committee. The Audit Committee's approval is required for any necessary changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

The known or anticipated audit services pre-approved, or that will be pre-approved, by the Audit Committee are listed and will be listed in Appendix A, as amended from time to time. In addition to the annual audit, review and attestation services specifically approved by the Audit Committee, the Audit Committee may grant pre-approval for other known or anticipated audit services. All other audit services not listed in Appendix A must be separately pre-approved by the Audit Committee in accordance with this Policy.

IV. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and that are traditionally performed by the Auditor in connection therewith. The Audit Committee believes that the provision of the audit-related services does not impair the independence of the Auditor. The known or anticipated audit-related services pre-approved, or that will be pre-approved, by the Audit Committee are listed and will be listed in Appendix B, as amended from time to time. All other audit-related services not listed in Appendix B must be separately pre-approved by the Audit Committee in accordance with this Policy.

V. TAX SERVICES

The Audit Committee believes that the Auditor can provide tax services to the Company such as tax compliance, tax planning and tax advice without impairing the Auditor's independence, except for those tax services described on Exhibit 1, which are prohibited. However, the Audit Committee will not permit the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations or similar regulations of other applicable jurisdictions. The known or anticipated tax services pre-approved, or that will be pre-approved, by the Audit Committee are listed and will be listed in Appendix C, as amended from time to time. All other tax services not listed in Appendix C or tax services involving large and complex transactions must be separately pre-approved by the Audit Committee in accordance with this Policy.

VI. ALL OTHER SERVICES

The Audit Committee may pre-approve those permissible non-audit services classified as "All Other Services" that it believes would not impair the independence of the Auditor. The known or anticipated other non-audit services pre-approved, or that will be pre-approved, by the Audit Committee are listed and will be listed in Appendix D, as amended from time to time. All other permissible non-audit services not listed in Appendix D must be separately pre-approved by the Audit Committee in accordance with this Policy.

A list of the non-audit services prohibited by the Securities and Exchange Commission is attached to this Policy as Exhibit 1. Such exhibit may be amended from time to time to add any other service prohibited by applicable law, regulation, rule or accounting or auditing standard.

VII. WAIVER OF PRE-APPROVAL FOR NON-AUDIT SERVICES

Specific pre-approval is not required for permissible non-audit services not listed in Appendix D, provided that such non-audit services (a) do not aggregate to more than 5 percent of total revenues paid by the Company to the Auditor in the fiscal year in which the services are provided, (b) were not recognized by the Company as non-audit services at the time of the engagement and (c) are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee (or its designated representative, if any, as authorized pursuant to Section II of this Policy).

VIII. PRE-APPROVED FEE LEVELS

Pre-approved fee levels for all services to be provided by the Auditor will be established periodically by the Audit Committee. Any proposed services exceeding these levels, including any increases in fees for previously pre-approved services, will require specific pre-approval by the Audit Committee. Each year the Auditor will provide the Audit Committee with a report of the known or anticipated audit, audit-related, tax and other non-audit services together with an estimate of the fees for such services. The Audit Committee will review the fees and scope of such services so as to avoid any question as to the compatibility of such services with the Auditor's independence. Each quarter the Auditor will provide the Audit Committee with a report of the audit, audit-related, tax and other non-audit services provided together with the actual fees incurred. Any changes to the estimate of services to be provided and fees attributable to such services will be discussed quarterly, and if necessary, revised. In no event will the Auditor be permitted to charge contingent fees or receive commissions on its services.

IX. SUPPORTING DOCUMENTATION

With respect to each proposed pre-approved service, the Auditor will provide the Audit Committee with detailed back-up documentation regarding the specific services to be provided.

X. PROCEDURES

Requests or applications to provide services that require specific approval of the Audit Committee will be submitted to the Audit Committee by both the Auditor and the Chief Financial Officer or other designated representative of the Company. The Audit Committee (or its designated representative, if any, as authorized pursuant to Section II of this Policy) will approve or disapprove the request or may request additional information from the Auditor and management prior to rendering its decision. In considering a request, the Audit Committee may meet in person, by telephone conference call or by any other means permitted by the Audit Committee's charter or the Company's Regulations. Without a meeting, the Audit Committee may act by unanimous written consent of all committee members or by any other means permitted by the Audit Committee's charter or the Company's Regulations.

This Policy was adopted by the Audit Committee of Tim Hortons Inc. on February 1, 2006.

PRE-APPROVED AUDIT SERVICES

PRE-APPROVED AUDIT-RELATED SERVICES

PRE-APPROVED TAX SERVICES

PRE-APPROVED ALL OTHER SERVICES

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions (*e.g.* acting, either temporarily or permanently, as a director, officer or employer, or performing any decision-making, supervisory or monitoring services)
- Human resources
- Broker or dealer, investment adviser, underwriting, securities, or investment banking services
- Legal services
- Expert services unrelated to the audit
- Tax services to any person in a financial reporting oversight role, or an immediate family member of any such person, unless the person is in that role solely because he or she is a director of the Company
- Services related to marketing, planning or opinions in favor of the tax treatment of transactions that are confidential transactions under the IRS's regulations or transactions that would be considered aggressive tax position transactions