

**CHARTER OF THE
HUMAN RESOURCE AND COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF TIM HORTONS INC.**

Adopted July 2006
Most Recently Revised: November 2008

This Charter identifies the purpose, composition, meeting requirements, committee responsibilities, annual evaluation procedures and studies of the Human Resource and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Tim Hortons Inc., a Delaware corporation (the “Company”), pursuant to the Board’s Principles of Governance, its Governance Guidelines (“Governance Guidelines”) and other applicable requirements.

I. PURPOSE

The Committee has been established to: (a) examine the levels and methods of compensation employed by the Company with respect to the Executive Chairman, Chief Executive Officer (CEO), and the Company’s non-CEO executive officers (which shall be the Company’s “named executive officers” for the purposes of compensation disclosure under Canadian and U.S. securities law requirements); (b) make recommendations to the Board with respect to the levels of compensation for the Executive Chairman and CEO, and determine the levels of compensation for the other named executive officers; (c) review and approve corporate goals and objectives relevant to the Executive Chairman’s and CEO’s compensation, evaluate the Executive Chairman and CEO in light of those goals and, together with the independent directors of the Board, determine their respective compensation packages based on these evaluations, including approving any severance arrangements or employment agreements; (d) review and approve the compensation discussion and analysis to be included in the Company’s proxy statement and prepare an annual Compensation Committee Report for inclusion in the Company’s annual proxy statement; (e) make recommendations to the Board with respect to the implementation and amendment of incentive-compensation plans for the named executive officers and all equity-based plans for officers and employees; (f) make award (*i.e.*, type of award or vehicle) and grant determinations under equity compensation plans at previously-approved levels of compensation for the named executive officers, and further, approve a remaining maximum additional dollar amount for equity awards, as recommended by the CEO, to be granted to other officers and employees in such respective amounts as determined by the CEO; (g) establish performance objectives, corresponding target budget numbers, and payout curves under incentive-compensation and equity compensation plans, as the Committee shall determine appropriate; (h) adopt one or more cash bonus plans for the named executive officers, subject to Board, and if required, shareholder approval, and to the extent applicable, with a view to qualification of the compensation paid thereunder as “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, as such Section may be amended or superceded from time to time, and to implement and administer such plans; (i) consider and report, not less frequently than annually, to the Board on non-employee director compensation matters; and (j) perform such other functions as the Board may

from time to time assign to the Committee. In performing its duties, the Committee shall seek to maintain an effective working relationship with the Board and the Company's management.

II. COMPOSITION

The Committee shall be composed of at least three members (including a Chairperson). The composition of the Committee shall satisfy the independence requirements established for Committee membership in the Governance Guidelines, which requirements are consistent with the listing standards of the New York Stock Exchange, and the Toronto Stock Exchange, to the extent applicable, both of the foregoing as may be amended from time to time. In addition, each member of the Committee must be a "non-employee director" as such term is defined in Rule 16b-3 of the Securities Exchange Act of 1934 as well as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board shall affirmatively determine that the Committee (and any individual member, if applicable) satisfies such requirements whenever any director is appointed to or resigns or is removed from the Committee. The members of the Committee and the Chairperson shall be selected annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. The Board may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee, provided that the independence requirements set forth in the Governance Guidelines are satisfied. No person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by law, including any rule or regulation of the United States Securities and Exchange Commission, the Canadian securities regulators, or any securities exchange or market on which shares of the common stock of the Company are traded. A Committee member may resign at any time by giving written notice to the Board. A Committee member may resign from the Committee without resigning from the Board, but a Committee member shall tender his or her resignation from the Committee upon ceasing to be a member of the Board or ceasing to satisfy applicable independence requirements set forth in the Governance Guidelines, as noted above.

The Committee shall have authority to delegate responsibilities listed herein to subcommittees of the Committee if the Committee determines such delegation would be in the best interests of the Company.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary, but at least four times each year, to enable it to fulfill its responsibilities. The Committee shall meet at the call of the Chairman of the Board, the President or by any two Committee members, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's Bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and

procedures, including designation of a chairperson pro tempore, in the absence of the Chairperson, and designation of a secretary. The Committee may also adopt rules of governance, not inconsistent with this Charter, to assist the Committee in the discharge of its responsibilities. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes upon request.

The Committee may ask members of management, or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least quarterly) as requested by the Board. The Chairperson, with the assistance of management, shall also set the agenda for Committee meetings.

IV. COMMITTEE RESPONSIBILITIES

The Committee members, as directors and as articulated in the Governance Guidelines, will exercise their business judgment in a manner they reasonably believe to be in the best interests of the Company and its shareholders. Committee members are entitled to rely on the honesty and integrity of the Company's executives and its outside advisors and auditors to the fullest extent permitted by law. In carrying out its oversight responsibilities, the Committee's policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so as to allow the Company to comply with applicable legal and regulatory requirements.

The Committee shall have duties and responsibilities for those compensation matters listed above under its statement of purpose. Such duties and responsibilities include the following:

A. Executive Chairman and Chief Executive Officer Compensation and Evaluation

1. To (a) review and approve corporate goals and objectives relevant to each of the Executive Chairman's and the CEO's respective compensation package, and (b) establish a procedure for evaluating the Executive Chairman's and the CEO's performance; and
2. To annually review and evaluate each of the Executive Chairman's and CEO's performance in light of the respective goals and objectives established for each of the Executive Chairman and CEO; independently review, after completion of the annual evaluation, with the Executive Chairman and CEO the results of the Committee's evaluation of their respective performance (this review may be performed by the Chairperson if so decided by the Committee); with the

independent members of the Board, set the total amount and levels of total compensation for each of base salary, annual cash incentive, and long-term (equity) incentive compensation of the Executive Chairman and CEO, including approving, with the independent members of the Board, any severance arrangement or employment agreement with the Executive Chairman and/or the CEO. The Executive Chairman is expected to provide input to the Committee regarding the performance of the CEO and with respect to the level of CEO compensation.

In discharging the responsibilities set forth under this Section IV.A, the Committee may consider (as appropriate and as contemplated by Company policies, plans and programs) individual, team, business unit, regional and Company-wide performance and results against applicable pre-established annual and long-term performance goals, taking into account shareholder return, economic and business conditions, remuneration given to the Executive Chairman and CEO in the past and comparative and competitive compensation and benefit performance levels. The Committee shall not be precluded from approving compensation awards under approved plans, subject to the Board's approval rights with respect to amount of compensation, as may be required to comply with applicable tax laws (*e.g.*, Section 162(m) of the Internal Revenue Code of 1986, as amended).

B. Non-CEO Executive Officer Compensation

1. To determine at least annually, with input from the CEO, the total amount and respective levels of all types of compensation of the named executive officers (other than the CEO and Executive Chairman) and any other officers or employees whose compensation the CEO requests the Committee review, including approving any severance arrangement or employment agreement with any named executive officer (other than the CEO and Executive Chairman).
2. Any offer to be extended to a prospective officer of the Company who will report directly to the CEO shall be issued subject to final approval of this Committee.

C. Incentive-Compensation and Equity-Based Plans

1. To review and to make periodic recommendations to the Board as to the general compensation and benefits philosophies, policies and practices of the Company with respect to named executive officers, including the implementation and amendment of cash incentive-compensation plans and equity-based plans; provided, that no new equity-based plans shall be approved or amended without the approval of this Committee, the Board, and to the extent required, the shareholders of the Company;
2. To review and adopt, where appropriate under law or by applicable exchange requirements, and otherwise to recommend to the Board (and for shareholder approval where required by applicable law, stock exchange requirements, or the Company's Certificate of Incorporation or Bylaws), compensation and benefits

policies, plans and programs and amendments thereto applicable to the Company's named executive officers;

3. To oversee the administration of such policies, plans and programs for the named executive officers and, on an ongoing basis, to monitor them to assure that they are legally compliant and remain competitive and within the Committee's (and, with respect to the CEO, the Board's), compensation objectives for the named executive officers;
4. To make award (*i.e.*, type of award or vehicle) and grant determinations under equity compensation plans at previously-approved compensation levels for the named executive officers. The Committee will also approve, in connection with equity grants, a total dollar amount to be used for equity grants to individuals other than the named executive officers, with specific grants within such total dollar amount to be approved by the CEO. The CEO shall provide the Committee with documentation describing the allocation of this pool; and
5. To establish performance objectives, corresponding target budget numbers, and payout curves under cash incentive-compensation and equity compensation plans, as the Committee shall determine appropriate.
6. Nothing set forth herein shall be construed to limit the Committee's authority to review any compensation or benefits matter at the request of the Board or upon the Committee's own determination, including a review of compensation plans, policies, practices of the Company in connection with broad-based regulation adoption or amendment, other compliance initiatives, or otherwise as the Committee or Board shall determine to be in the best interest of the Company.

D. Reporting

In connection with the fulfillment of any of the Committee's responsibilities set forth herein, the Committee may request information and reports from management or the Committee's compensation consultant relative to incentive compensation plans, or other plans, policies, or practices, for officers and/or employees below the "named executive officer" level. This information may be useful for the Committee in reviewing and making certain determinations with respect to the named executive officers, including but not limited to reviewing alignment, to the extent appropriate, between plans, policies and programs of the named executive officers and other officers and/or employees below this level, and for other purposes.

E. Succession Planning

1. To oversee the process for and, if requested, to assist the Board with conducting, not less frequently than annually, an evaluation of the Company's management development programs; and

2. To develop and annually review the Company's management succession plans to help assure proper management planning, and to report annually to the Board on the Company's succession plans; provided, that the implementation of the succession plan for the non-CEO executive officers will be the responsibility of the CEO (further described below), and the implementation of the succession plan for the CEO will be the responsibility of the full Board. The CEO shall have the authority to implement the approved succession planning process and select suitable executive officers that are his direct reports, with oversight provided by the Committee, as requested by the CEO. Provided, however, that the appointment of any executive officer (both CEO and non-CEO executive officers) is subject to full Board approval, and, as set forth in Section IV. B. 2. hereof, any offer extended to any named executive officer shall be issued subject to final approval of this Committee.

F. Other Duties

1. To review and discuss with management the Compensation Discussion and Analysis (CD&A) to be included in the Company's annual proxy statement and determine whether to recommend to the Board that the CD&A be included in the proxy statement;
2. To prepare the annual Compensation Committee Report for inclusion in the Company's annual proxy statement in accordance with the rules and regulations of the United States Securities and Exchange Commission, and, to the extent applicable, the Canadian securities regulators;
3. To review and consider, not less frequently than annually, the compensation of directors who are not employees of the Company and to recommend any changes to the Board that the Committee deems appropriate;
4. To annually review the terms of the stock ownership guidelines applicable to directors and officers of the Company, including compliance therewith, and report to the Board on such review; and
5. To perform such other duties as the Board may assign to the Committee.

V. **ANNUAL EVALUATION PROCEDURES**

The Committee shall annually assess its performance to confirm that it is meeting its responsibilities under this Charter. In this review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) the frequency and length of meetings and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Charter as the Committee deems appropriate.

VI. STUDIES

The Committee may conduct or authorize studies of matters within the Committee's scope of responsibilities as described above, and may retain, at the expense of the Company, independent counsel or other consultants or advisors necessary to assist the Committee in any such studies, if authorized by the Board. The Committee shall have sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, Executive Chairman, CEO or other named executive officer compensation, including the sole authority to negotiate and approve the fees and retention terms of any compensation consultant retained for purposes of evaluating the compensation of those persons.

VII. MISCELLANEOUS

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter is intended to be consistent with the Board's Principles of Governance and Governance Guidelines. This Charter is, and any amendments thereto will be, displayed on the Company's website and a printed copy will be made available to any shareholder of the Company who requests such.