

FOR IMMEDIATE RELEASE

(Unaudited. All amounts in Canadian dollars and presented in accordance with U.S. GAAP except as otherwise noted.)



**Tim Hortons Inc. announces 2011 third quarter results:
Sales momentum contributed to strong performance**

Financial & Sales Highlights

	Q3 2011	Q3 2010	% Year-over Year Change	YTD 2011
Total revenues	\$ 726.9	\$ 670.5	8.4%	\$ 2,073.2
Operating income	\$ 152.8	\$ 133.0	14.9%	\$ 416.6
Adjusted operating income ⁽¹⁾	\$ 151.1	\$ 137.4	10.0%	
Effective tax rate	29.0%	35.7%		29.2%
Net income attributable to THI	\$ 103.6	\$ 73.8	40.4%	\$ 279.9
Diluted earnings per share (EPS)	\$ 0.65	\$ 0.42	52.4%	\$ 1.71
Fully diluted shares	160.1	173.7	(7.9)%	164.0

(All numbers in millions, except effective tax rate and EPS. All numbers rounded.)

(1) Adjusted operating income excludes 100% of the operating income and the related adjustments specific to Maidstone Bakeries and excludes 2010 and 2011 net asset impairment charges and restaurant closure cost recovery. Adjusted operating income is a non-GAAP measure. Please refer to "Information on non-GAAP Measure" at the end of this release for further details and for a reconciliation of this measure to operating income, the closest GAAP measure.

Same-Store Sales⁽²⁾	Q3 2011	Q3 2010	YTD 2011
Canada	4.7%	4.3%	3.5%
U.S.	6.3%	3.3%	5.9%

(2) Includes average sales at Franchised and Company-operated restaurants open for 13 months or more. Substantially all of our restaurants are franchised.

Highlights

- Canadian and U.S. segments both delivered strong same-store sales performance, increasing 4.7% in Canada and 6.3% in the U.S.
- Healthy systemwide sales contributed to strong earnings growth. Prior-year comparison affected by the 2010 asset impairment charge, partially offset by the Maidstone Bakeries sale
- 64 restaurant locations opened in Canada and the U.S.
- Kingston, Ontario replacement distribution centre opened and ramping up operations

OAKVILLE, ONTARIO, (November 10th, 2011): Tim Hortons Inc. (TSX: THI, NYSE: THI) today announced results for the third quarter ended October 2nd, 2011.

"Operating conditions in North America continued to be challenging and the strength of our sales performance is a great testament to our strong price-value brand position with our guests. We continued to innovate in the third quarter and execute our strategic growth plans to build our business," said Paul House, executive chairman, and president and CEO.

Consolidated Results

All percentage increases and decreases represent year-over-year changes for the third quarter of 2011 compared to the third quarter of 2010, unless otherwise noted.

Third quarter systemwide sales⁽³⁾ increased 8.2% on a constant currency basis. Total revenues grew 8.4% to \$726.9 million compared to \$670.5 million in the prior year. The strength of our systemwide sales helped drive rents and royalties revenues, which increased 6.8%, and distribution sales, which grew 11.9%. Higher distribution sales outpaced system growth due to higher pricing of underlying commodities, particularly coffee, moving through our supply chain. Franchise fees increased modestly during the quarter, rising 3.6%.

Total costs and expenses grew 6.8% during the quarter, below the rate of systemwide sales growth. Cost of sales was up 13.5% in the third quarter, due in part to higher systemwide sales, and also due to higher underlying commodity costs, which increased product costs and also increased distribution sales as noted previously. Cost of sales also reflects the impact from the previous sale of Maidstone Bakeries in 2010. Cost of sales subsequent to the bakery sale is recorded at essentially the selling price from the bakery versus the manufacturing costs. In addition, we also incurred start-up costs associated with the replacement distribution centre in Kingston, Ontario. Growth in operating expenses was moderate during the third quarter, and general and administrative expenses declined year-over-year. The decline was primarily due to lower professional fees compared to last year offset in part by additional investments to support advertising and promotional activities in the U.S. market and our Cold Stone Creamery[®] brand-building activities in Canada.

Consolidated operating income increased by 14.9% in the third quarter, to \$152.8 million, compared to \$133.0 million in the prior year. On a comparable basis, our 2010 third quarter results included a \$20.9 million asset impairment charge compared to an asset impairment charge, net of a recovery of previously accrued closure costs, of \$0.4 million in the third quarter this year. In addition, our 2010 results included \$16.5 million of contributions from Maidstone Bakeries, which are not in our 2011 results. However, we benefited from a \$2.1 million deferred gain in the third quarter this year related to the 2010 Maidstone Bakeries sale. Adjusted operating income⁽¹⁾, absent the impacts of the net asset impairment charges and Maidstone Bakeries sale, was up 10.0%, driven by systemwide sales growth and more moderate growth in expenses. Please refer to "Information on non-GAAP Measure" below for a reconciliation of adjusted operating income to operating income, the nearest GAAP measure.

Net income attributable to THI rose 40.4%, to \$103.6 million, compared to \$73.8 million last year. In addition to the earnings factors noted above, our net income attributable to THI was impacted by a lower effective tax rate in the third quarter of 29.0% compared to 35.7% in the same period last year. A significant portion of the year-over-year difference in effective tax rates was related to the asset impairment charge taken in 2010 for which a deduction was not available.

Third quarter EPS was \$0.65, increasing significantly from \$0.42 last year. The increase includes a \$0.12 per share impact in 2010 arising from the asset impairment charge. Absent this factor, and a restaurant closure cost recovery this year, our EPS growth would have been 18.2% for the quarter. The cumulative impact of our share repurchase programs has been a substantial contributor to our EPS growth. We had approximately \$64 million available in our current share repurchase program as at the end of the third quarter. The current program is expected to be completed by March 2nd, 2012. We had 7.9% fewer fully diluted shares outstanding in the third quarter of 2011 compared to the same period last year.

“During the quarter we continued to reinforce our market-leading position with innovation in our product offerings such as Real Fruit Smoothies and Specialty Bagels, and through disciplined execution of our strategic growth initiatives. Following the quarter, we also announced our plans to extend our coffee leadership by introducing espresso-based lattes, mocha lattes and cappuccinos under the Tim’s Café Favourites umbrella at nearly 3,000 locations in Canada and the U.S. Our system also plans to introduce digital menu boards across the chain in Canada, which we believe will enhance the overall guest experience, and we are also extending our breakfast hours nationally to 12:00 noon,” said Paul House, executive chairman, and President and CEO.

Segmented Performance Commentary

Canada

Canadian segment same-store sales increased by 4.7% in the third quarter, outpacing growth in the first half of the year. Our Canadian growth was driven by gains in average cheque due to a combination of favourable product mix related to new product introductions and promotions and pricing previously in the system. Our same-store sales growth was achieved against a backdrop of continued economic weakness and generally challenging macro-operating conditions that we believe were factors that contributed to moderately lower same-store transactions during the quarter. Total system transactions increased during the quarter due to new restaurants in the system.

We continued to execute our restaurant development strategy in the third quarter and opened 41 restaurants. Consistent with historical patterns, our restaurant development in Canada is weighted to the fourth quarter of 2011.

Operating income in the Canadian segment rose 4.5% to \$160.4 million compared to \$153.5 million in the same period last year. Operating income benefited from an 8.3% increase in Canadian systemwide sales. Higher systemwide sales drove increased rents and royalties and resulted in higher distribution income. Our Canadian segment operating income performance includes a \$6.2 million net reduction compared to last year arising from the loss of contribution from Maidstone Bakeries due to the disposition of our 50% joint-venture interest. We also incurred start-up and transition costs associated with our replacement distribution facility in Kingston, Ontario, which began to ramp up operations in the third quarter.

United States

The U.S. segment experienced robust same-store sales growth of 6.3%. Our same-store sales performance benefited from increased average cheque due to pricing in the system and favourable product mix, and also due to moderately higher transactions. Our growth was supported by enhanced menu, marketing and promotional efforts designed to create higher brand awareness and increase guest traffic.

Our restaurant development activity in the U.S. market, primarily focused on our core growth markets, resulted in 23 new openings, including 12 full-serve restaurants and 11 self-serve locations.

We had operating income of \$2.9 million in the U.S. segment in the third quarter compared to a \$17.5 million loss in the same period last year.

The third quarter of 2010 included asset impairment charges of \$20.9 million related to the Company's Portland, Providence and Hartford markets. The third quarter of 2011 included a net \$0.5 million benefit related to a \$1.5 million reversal of previously accrued closure costs related to the Company's New England markets, partially offset by an asset impairment charge of \$1.0 million, which reflects current real estate values in the Company's Portland market. In addition, \$0.9 million relating to equipment value in the Portland market was recorded as a charge in variable interest entities due to the impairment.

U.S. segment operating income of \$2.9 million in the quarter was driven by strong systemwide sales growth in the U.S., which resulted in higher rents and royalties and higher distribution income from underlying product demand. Absent the net impact from impairment, as noted above, the U.S. segment was down slightly compared to last year due primarily to an allowance on notes receivable under our U.S. franchise incentive program resulting from a decline in the value of associated collateral.

Corporate Developments

Board declares dividend payment of \$0.17 per common share

A quarterly dividend of \$0.17 per common share has been declared by the Board of Directors, payable on December 14th, 2011 to shareholders of record as of November 30th, 2011. 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.

First international restaurant opened in Dubai

As part of our international expansion strategy the Company signed a Master License Agreement earlier in 2011 that targets up to 120 multi-format restaurants in the Gulf Cooperation Council over five years, including approximately five this year. The first of the planned five locations opened for business in September, with the others planned later in the fourth quarter, and initial response in the local market has been highly positive.

Tim Hortons conference call today at 2:30 p.m. (EDT) Thursday, November 10th, 2011

Tim Hortons will host a conference call today to discuss the third quarter results, scheduled to begin at 2:30 p.m. (Eastern Daylight Savings Time). The dial-in number is (416) 641-6712 or (800) 785-6502. 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 November 17th, 2011 and can be accessed at (416) 626-4100 or (800) 558-5253. The call replay reservation number is 21542692. The call and presentation material will also be archived for a period of one year in the Events and Presentations section at the same website.

Information on non-GAAP Measure

Adjusted operating income is a non-GAAP measure. Adjusted operating income for 2010 and 2011 deducts 100% of operating income specific to Maidstone, which was sold in the fourth quarter of 2010, and adds back the impact of the net asset impairment charge related to our New England markets in the U.S (see (a) below). Management uses adjusted operating income to assist in the evaluation of year-over-year performance and believes that it will be helpful to investors as a measure of underlying growth rates. This non-GAAP measure is not intended to replace the presentation of our financial results in accordance with GAAP. The Company's use of the term adjusted operating income may differ from similar measures reported by other companies. The reconciliation of operating income, a GAAP measure, to adjusted operating income, a non-GAAP measure, is set forth in the table below:

	Third quarter ended		Change from prior year	
	October 2, 2011	October 3, 2010	\$	%
	(in millions, except for percentages)			
Operating income	\$ 152.8	\$ 133.0	\$ 19.8	14.9%
(Deduct): Maidstone operating income.....	0	(16.5)	16.5	n/m
(Deduct): Amortization of Maidstone supply agreement.....	(2.1)	0	(2.1)	n/m
Add: Net asset impairment charge ^(a)	0.4	20.9	(20.5)	n/m
Adjusted operating income	<u>\$ 151.1</u>	<u>\$ 137.4</u>	<u>\$ 13.7</u>	<u>10.0%</u>

N/M – the comparison is not meaningful.

(a) The Net asset impairment charge in 2011 included an asset impairment charge of \$1.9 million, net of a \$1.5 million recovery of previously accrued closure costs.

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 Annual Report on Form 10-K filed February 25th, 2011 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 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 an adverse event or condition that damages our strong brand position and reputation; the absence of a material increase in competition within the quick service restaurant segment of the food service industry; commodity costs; 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; there being no significant change in the Company's ability to comply with current or future regulatory requirements; 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.

⁽³⁾ Total systemwide sales growth includes restaurant-level sales at both Company-operated and Franchised restaurants. Approximately 99.5% of our consolidated system is franchised as at October 2nd, 2011. Systemwide sales growth is determined using a constant exchange rate to exclude the effects of foreign currency translation. U.S. dollar sales are converted to Canadian dollar amounts using the average exchange rate of the base quarter for the period covered. Systemwide sales growth excludes sales from our Republic of Ireland and United Kingdom licensed locations. Systemwide sales growth in Canadian dollars, including the effects of foreign currency translation, was 7.6% for the third quarter ended October 2nd, 2011 and 6.9% for the same period in 2010.

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, espresso-based specialty coffees including lattes, cappuccinos and espresso-flavoured shots, specialty teas, home-style soups, fresh sandwiches, wraps, hot breakfast sandwiches and fresh baked goods, including our trademark donuts. As of October 2nd, 2011, Tim Hortons had 3,871 systemwide restaurants, including 3,225 in Canada, 645 in the United States and one in the Gulf Cooperation Council. More information about the Company is available at www.timhortons.com.

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