



## TIM HORTONS INC.

### DIRECT SHARE PURCHASE AND DIVIDEND REINVESTMENT PLAN

Approved by the Board of Directors on May 12, 2011  
Implemented on June 14, 2011

#### 1. PURPOSE OF THE PLAN

The purpose of our Direct Share Purchase and Dividend Reinvestment Plan (the “**Plan**”) is to provide persons resident in Canada and the United States with a simple and convenient method of:

- making initial and/or additional direct purchases of common shares (“**Common Shares**”) of Tim Hortons Inc. (the “**Corporation**”); and/or
- reinvesting cash dividends declared and paid on Common Shares in additional Common Shares of the Corporation.

The Plan replaces the current Dividend Reinvestment and Optional Cash Purchase Plan that was approved by the Board of Directors of the Corporation on October 28, 2009 (the “**Original DRIP**”). If you are a participant under the Original DRIP and you wish to continue to participate in the dividend reinvestment component of the Plan, you do not need to take any action at this time. If you wish to cease participation in the Plan at any time, you should take the steps outlined under “*Termination of Participation in the Plan*” below.

We presently pay quarterly dividends on our Common Shares. The rate at which we pay dividends takes into account all factors that our Board of Directors considers relevant from the perspective of the Corporation. The decision to declare dividends is at the discretion of our Board of Directors.

#### 2. ADMINISTRATION OF THE PLAN

The administrator of the Plan with respect to Canadian residents is Computershare Trust Company of Canada, the Corporation’s transfer agent (“**Computershare Canada**”). The administrator of the Plan with respect to U.S. residents is Computershare Trust Company, N.A. (“**Computershare U.S.**”). All references in the Plan to “Computershare” or the “Plan Administrator” shall mean Computershare Canada if you are a Canadian resident and Computershare U.S. if you are a U.S. resident, except where the context requires a collective reference to Computershare Canada and Computershare U.S. Certain services of Computershare U.S. under the Plan may be performed by one or more affiliates thereof. The Plan Administrator’s responsibilities are to, among other things:

- facilitate enrolment in the Plan by eligible participants;

- apply funds received from a Plan participant for the purchase of whole and/or fractional Common Shares for the participant's account, as directed by the participant;
- apply cash dividends paid on the Common Shares covered by the Plan to the purchase of additional whole and/or fractional Common Shares, or distribute any cash dividends paid on the Common Shares to the Plan participant directly, as directed by the Plan participant;
- receive and coordinate the execution of requests to sell Common Shares for a Plan participant's account, as directed by the Plan participant;
- send quarterly account statements to Plan participants;
- maintain online functionality to, among other things, view account transactions, view dividend reinvestment history, retrieve duplicate tax and Plan statements, sell Common Shares, set up direct debit for optional Common Share purchases, and enroll in e-delivery of securityholder materials;
- maintain records; and
- conduct such other duties, as specified by this Plan.

Common Shares purchased under the Plan on behalf of a participant will be held by Computershare as agent for such Plan participant.

Participation in the Plan is entirely voluntary. The Plan Administrator is not providing, and will not provide, any advice regarding your decision to participate in the Plan, and makes no recommendation concerning the purchase or sale of Common Shares.

U.S. residents should be aware that neither Computershare Canada nor Computershare U.S. is a United States registered broker dealer and that Common Shares held in accounts on behalf of U.S. resident participants by Computershare Canada or Computershare U.S. are not subject to protection under the *United States Securities Investor Protection Act of 1970*, as amended or the Securities Investor Protection Corporation (SIPC) established thereunder.

### **3. PARTICIPATION IN THE PLAN**

The Plan is available to all persons that are resident in Canada or the United States, including the Corporation's employees, restaurant owners and employees of our restaurant owners. The Corporation has the right to restrict or terminate any person's participation in the Plan. See "*Limitations on Participation in the Plan*" and "*Limitation of Liability of the Corporation and Computershare*," below.

Before deciding to enroll in the Plan, you should fully consider the information contained in this Plan (including, but not limited to, the sections entitled "*Sale of Plan Shares*," "*Participation Fees*" and "*Limitation of Liability of the Corporation and Computershare*," below), together with information about the Corporation and the Plan contained or incorporated by reference in the prospectus filed with the Securities and Exchange Commission on June 14, 2011 as part of

the registration statement on Form S-3 for the registration of the Common Shares that may be acquired pursuant to the Plan, and other information that we have filed separately with securities regulatory authorities in Canada and the United States.

The reinvestment of cash dividends, the direct purchase of initial or additional Common Shares, and the sale of Common Shares, all pursuant to the Plan, do not relieve participants of any tax liability arising as a result of such dividends, purchases or sales. Participants are advised to seek independent tax advice in connection with their participation in the Plan.

Interested persons may elect to enroll in one or both components of the Plan:

- if you choose to participate in the direct share purchase component of the Plan, you may acquire initial and/or additional Common Shares directly through the Plan Administrator. See “*Direct Share Purchases*,” below; and
- if you choose to participate in the dividend reinvestment component of the Plan, then cash dividends paid on your Common Shares will be reinvested in additional Common Shares. See “*Dividend Reinvestment*” below.

Once you have enrolled in the Plan, you will remain enrolled until you discontinue your participation or until we terminate the Plan. If you move your residence to outside of Canada or the United States, you will no longer be eligible to participate in the Plan. See “*Amendment, Suspension or Termination of the Plan*” below.

#### **4. ENROLMENT IN THE PLAN**

##### **a. Existing Shareholders**

##### **i. Registered Shareholders**

If you are currently a shareholder of the Corporation and your Common Shares are registered in your name, you may enroll in the direct share purchase component of the Plan and/or the dividend reinvestment component of the Plan by completing and returning an Enrolment Form to the Plan Administrator by mail, or by enrolling online through Computershare’s self-service web portal, Investor Centre, at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) if you are resident in Canada, or [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) if you are resident in the United States.

To obtain an Enrolment Form, contact Computershare at 1-800-697-8078 or access the Form online at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) if you are resident in Canada, or at 1-888-705-1022 or online at [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) if you are resident in the United States.

See “*Direct Share Purchases*” below for details regarding the share purchase options that are available to Plan participants. See “*Dividend Reinvestment – Dividend Reinvestment Options*” below for details regarding the dividend reinvestment options that are available under the Plan.

ii. Beneficial Shareholders

If you are currently a shareholder of the Corporation and your Common Shares are held in “street name,” meaning that your shares are registered in the name of a broker, investment dealer, financial institution or other nominee (each, an “**Intermediary**”), you should contact your Intermediary in order to determine the process by which you may enroll in the Plan. Please note that we are unable to force an Intermediary to participate in the Plan, nor can we control any procedures adopted by the Intermediary with respect to the Plan. The practices of Intermediaries may vary and, accordingly, the various dates by which actions must be taken and documentary requirements described in this Plan may be different from those required by your Intermediary.

If your Intermediary is unable or unwilling to enroll your Common Shares in the dividend reinvestment component of the Plan, you may arrange for all or a portion of the Common Shares that you own through your Intermediary to be electronically transferred into your own name through the “direct registration system,” in which case you will become a registered shareholder. After becoming a registered shareholder, you may enroll those Common Shares in the dividend reinvestment component of the Plan by following the enrolment procedures described above under “*Enrolment in the Plan – Existing Shareholders – Registered Shareholders.*” Please note that there may be fees or transfer costs charged by Intermediaries for beneficial shareholders to become registered shareholders. These fees and costs will not be covered by the Corporation or the Plan Administrator.

So long as your Common Shares are held in “street name,” your Intermediary will not be able to make direct share purchases under the Plan on your behalf. In order to participate in the direct share purchase component of the Plan, beneficial shareholders should follow the enrolment procedures described below under “*Enrolment in the Plan – Interested Investors who do not Currently Hold Shares.*”

iii. Original DRIP Participants

If you are currently a participant in the Original DRIP, then the Common Shares that you hold through the Original DRIP will be automatically transferred to this new Plan upon implementation. Accordingly, you may continue to access the same Computershare website as you accessed for the Original DRIP, and your account information remains the same.

**b. Interested Investors who do not Currently Hold Shares**

If you are not currently a shareholder of the Corporation, you may join the Plan by:

- completing and returning to Computershare Canada (if you are a Canadian resident) or Computershare U.S. (if you are a U.S. resident) by mail a Direct Share Purchase and Dividend Reinvestment Plan – Initial Enrolment Form (the “**Enrolment Form**”). U.S. residents may also enroll online at [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa). To obtain an Enrolment Form, contact Computershare Canada at 1-800-697-8078 (for Canadian residents) or Computershare U.S. at 1-888-705-1022 (for U.S. residents), or you may access the Plan information online at Investor Centre at

[www.computershare.com/timhortons](http://www.computershare.com/timhortons) if you are resident in Canada, or [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) if you are resident in the United States; and

- making an initial direct purchase of Common Shares under the Plan in a minimum amount of C\$25.00 (for Canadian residents) or US\$25.00 (for U.S. residents).

Please note that the Enrolment Form requests information that the Plan Administrator is required to collect and record before it is permitted, under applicable law, to make an initial direct share purchase on an investor's behalf or to enroll a person in the dividend reinvestment component of the Plan. Your participation will begin promptly after Computershare Canada or Computershare U.S., as applicable, receives: (i) your duly completed Enrolment Form, and (ii) the cleared funds with which your initial Common Shares will be purchased. If you are a Canadian resident, payment for initial Common Shares must be made by cheque. U.S. residents may make their initial purchase of Common Shares by cheque or by one-time bank debit. See "*Direct Share Purchases*" below.

## **5. DIVIDEND REINVESTMENT**

### **a. Dividend Reinvestment Options**

All of the cash dividends paid on the Common Shares acquired under the Plan (including Common Shares acquired under the dividend reinvestment and direct share purchase components of the Plan) will be reinvested in Common Shares. Accordingly, the Plan Administrator will apply all of the cash dividends, if any, paid on such Common Shares (less any applicable withholding tax) toward the purchase of additional Common Shares on behalf of such Plan participant. Dividends declared and paid on these Common Shares will be reinvested in additional Common Shares on a cumulative basis until: (i) you change your dividend reinvestment election, (ii) you withdraw from the Plan, or (iii) the Plan is terminated.

For Common Shares acquired outside of the Plan (i.e., "*outside shares*"), Plan participants may opt to have cash dividends paid on such outside shares reinvested in additional Common Shares if those outside shares are registered in the exact same name as those acquired under the Plan. This election is made when the participant enrolls in the Plan, in the manner set forth under "*Enrolment in the Plan*," above. If you elect to participate in the dividend reinvestment component of the Plan for your outside shares, then dividends declared and paid on your outside shares will be reinvested in additional Common Shares on a cumulative basis until: (i) you instruct the Plan Administrator otherwise, (ii) you withdraw from the Plan, or (iii) the Plan is terminated.

If you purchase outside shares through your Intermediary, then those shares will not be automatically subject to the dividend reinvestment component of the Plan. In order to have those outside shares enrolled in the dividend reinvestment component of the Plan, you should contact your Intermediary to determine the process by which those outside shares may be enrolled in the Plan.

You may change your dividend reinvestment option by contacting Computershare. See “*Contact Information*” below for contact details. In order for any changes to your dividend reinvestment election to take effect before the next dividend payment date (if any), you must notify the Plan Administrator in writing or modify your enrolment online at least five business days before the record date for the next dividend.

#### **b. Timing of Dividend Reinvestments**

The reinvestment of a Plan participant’s dividends begins with the first cash dividend that is paid by the Corporation following enrolment, provided that the participant has enrolled in the Plan, in the manner set forth above under “*Enrolment in the Plan*,” at least five business days before the record date for that dividend. If enrolment (or any changes made to a participant’s dividend reinvestment election) occurs after such date, the reinvestment of any cash dividends, or any changes to the participant’s dividend reinvestment election, will begin with the next dividend, if any, provided that the Plan participant is still a shareholder on the record date for the next dividend.

#### **c. Timing of Purchase of Dividend Reinvestment Shares**

For dividend reinvestments, Common Shares will be purchased on each dividend payment date, or within five business days thereafter. Historically, the Corporation has paid dividends on its Common Shares in March, June, September and December of each year. The declaration of dividends, if any, and corresponding dividend record and payment dates are determined by the Corporation’s Board of Directors, in its sole discretion.

On each dividend payment date (or within five business days thereafter), the following will occur: (i) Computershare Canada will use the aggregate amount of all dividends allocated for share reinvestment by Canadian resident participants to purchase Common Shares through a Canadian registered dealer on the Canadian open market, including through the facilities of the Toronto Stock Exchange (the “**TSX**”), the TSX Venture Exchange or an alternative Canadian exchange (collectively, the “**Canadian Exchange**”), and (ii) Computershare U.S. will use the aggregate amount of all dividends allocated for share reinvestment by U.S. resident Plan participants to purchase Common Shares through a U.S. registered dealer through the facilities of the New York Stock Exchange (“**NYSE**”). Each Plan participant’s account will then be credited with the number of Common Shares, including fractional shares, equal to: (i) the total amount of cash dividends to be reinvested on such Plan participant’s behalf (less any applicable withholding tax), divided by (ii) the purchase price per share, calculated pursuant to the method described below under “*Purchase Price of Common Shares*.”

The Plan Administrator will receive the cash dividends paid on the Common Shares held on behalf of Plan participants directly from the Corporation. It is the Corporation’s practice to convert the cash dividends payable to registered shareholders that are resident in the United States into U.S. dollars before delivering the dividends to the Plan Administrator. It is currently anticipated that this practice will continue. Accordingly, any Common Shares acquired on the Canadian Exchange for Plan participants that are Canadian residents will be purchased in Canadian funds, and those acquired on the NYSE for Plan participants that are U.S. residents will be purchased in U.S. funds.

For each cash dividend declared and paid by the Corporation, the total number of Common Shares purchased on a Plan participant's behalf on account of such dividend will depend on: (i) the dividend amount to which such Plan participant is entitled, and (ii) the purchase price of the Common Shares acquired on the Canadian Exchange (for Canadian residents) and the NYSE (for U.S. residents) for dividend reinvestment purposes, on the purchase date. See "*Purchase Price of Common Shares*," below.

## 6. DIRECT SHARE PURCHASES

### a. Share Purchase Options

As described above under "*Enrolment in the Plan – Interested Investors who do not Currently Hold Shares*," a person that is not currently a shareholder of the Corporation may enroll in the Plan and make an initial direct share purchase through Computershare Canada (for Canadian residents) or Computershare U.S. (for U.S. residents).

In addition, under the Plan, participating shareholders (including those who have purchased their initial Common Shares through the Plan) may elect to buy additional Common Shares on a one-time or recurring periodic basis by providing funds to the applicable Plan Administrator in an amount of at least C\$25 for Canadian residents and US\$25 for U.S. residents, per purchase. Each Plan Administrator will make purchases of Common Shares, on account of initial or additional optional share purchases, on a weekly basis, on behalf of the Plan participants resident in that Plan Administrator's jurisdiction. Funds that are received by the Plan Administrator less than five business days prior to the Plan Administrator's scheduled weekly purchase date (each such scheduled weekly purchase date being a "**Direct Share Purchase Date**"), will be held by the Plan Administrator until the next-succeeding Direct Share Purchase Date. No interest will be paid by the Plan Administrator or the Corporation on funds pending the Plan Administrator's purchase of Common Shares.

Please note that you will be responsible for purchase fees charged by the Plan Administrator. See "*Participation Fees*," below.

Payment for initial direct share purchases by Canadian residents must be made by cheque, and payment for initial direct share purchases by U.S. residents must be made by cheque or by one-time bank debit. Payment for additional optional share purchases may be made by cheque, or one-time or recurring automatic bank debits. Plan participants that are Canadian residents will be required to provide their share purchase funds to Computershare Canada in Canadian currency, and U.S. residents will be required to provide their share purchase funds to Computershare U.S. in U.S. currency.

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the regulations made thereunder (collectively, the "**Act**") require that the Plan Administrator collect and record specific information and take other compliance measures on new or existing Canadian resident Plan participants who elect to make an initial share purchase or additional optional share purchase under the Plan. In order to acquire Common Shares for either the initial purchase or additional optional share purchases, all Canadian resident Plan participants must

have passed the requisite requirements under the Act, which are contained in the Enrolment Form and Optional Purchase Form (as defined below).

i. *Cheques*

Cheques for direct share purchases should be made payable to Computershare, and must be accompanied by a completed Enrolment Form (for initial share purchases) or an Optional Cash Purchase Form (the “**Optional Purchase Form**”) (for additional optional share purchases). Both the Enrolment Form and the Optional Purchase Form are available online at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents.

The purchase of Common Shares will occur on the first Direct Share Purchase Date occurring no less than five business days after the Plan Administrator receives a duly completed Enrolment Form or Optional Purchase Form, as applicable, and confirmation that the funds represented by the cheque have cleared.

ii. *One-Time Bank Debits*

Provided you have an account with a Canadian or U.S. financial institution which complies with the requirements of the Act, or if Computershare otherwise agrees, you may make direct purchases of Common Shares through the Plan (after your initial purchase, if you are a Canadian resident) by authorizing a one-time bank debit from your account. Canadian residents must provide a valid Canadian bank account, and U.S. residents must provide a valid U.S. bank account.

To authorize a one-time bank debit, you must be enrolled in the Plan and will be required to complete and submit an Optional Purchase Form (or Enrolment Form, if you are a U.S. resident making an initial share purchase under the Plan). One-time bank debits can then be initiated online through Computershare’s self-service web portal, Investor Centre.

The purchase of Common Shares will occur on the first Direct Share Purchase Date occurring no less than five business days after the Plan Administrator receives a duly completed Optional Purchase Form and confirmation that the funds debited from your account have cleared.

iii. *Recurring Automatic Bank Debits*

Provided you have an account with a Canadian or U.S. financial institution that complies with the requirements of the Act, or if Computershare otherwise agrees, you may make direct purchases of Common Shares through the Plan (after your initial purchase) by authorizing automatic monthly or quarterly bank debits from your account. Canadian residents must provide a valid Canadian bank account, and U.S. residents must provide a valid U.S. bank account.

To initiate recurring automatic deductions, you must be enrolled in the Plan. Also, Canadian residents must have complied with the requirements of the Act by submitting the prescribed information in their Enrolment Form or Optional Purchase Form. Thereafter, recurring automatic bank debits can be initiated online through Computershare’s self-service web portal, Investor Centre. Automatic bank debits may also be initiated by completing and signing a Pre-



Authorized Debit Form (which will be provided with Plan participants' account statements), and returning it to Computershare, together with a voided blank cheque or letter from your financial institution confirming your banking details and names associated to the account, or a savings account deposit slip for the account from which funds are to be drawn. Please allow four to six weeks for the first recurring automatic bank debit to be initiated.

If you authorize monthly recurring automatic debits, then your account will be debited on the 20<sup>th</sup> calendar day of each month. If you authorize quarterly recurring automatic debits, then your account will be debited on the 20<sup>th</sup> calendar day of the last calendar month of each calendar quarter (i.e., March 20, June 20, September 20 and December 20). If the 20<sup>th</sup> calendar day is not a business day, then the debit shall occur on the next business day.

The purchase of Common Shares will occur on the first Direct Share Purchase Date occurring no less than five business days after the Plan Administrator receives a duly completed Optional Purchase Form and confirmation that the funds debited from your account have cleared.

You must notify Computershare in writing or online through Computershare's Investor Centre web portal to change or terminate any recurring automatic bank debit. Please allow 10 business days from the date Computershare receives your instructions for a change or cancellation to take effect.

#### *iv. Insufficient Funds*

In the event that your cheque for an initial or additional optional share purchase payment is returned unpaid for any reason, or an authorized automatic bank debit cannot be effected, Computershare will consider the request for investment of such funds null and void, and Computershare shall immediately remove from your account the Common Shares, if any, purchased upon the prior credit of such funds. Computershare shall thereupon be entitled to sell the Common Shares to satisfy the uncollected amount plus any applicable non-sufficient funds fees. If the net proceeds of the sale of such Common Shares are insufficient to satisfy the balance of such uncollected amounts, Computershare shall be entitled to sell such additional Common Shares from your account as may be necessary to satisfy the uncollected balance.

#### **b. Methodology for Purchases of Shares**

On a weekly basis, within five business days before an applicable Direct Share Purchase Date, the following will occur: (i) Computershare Canada will aggregate all outstanding Canadian funds received from Canadian resident Plan participants on account of direct share purchases since the cut-off date of the previous Direct Share Purchase Date, and, on the Direct Share Purchase Date, will use such funds to purchase Common Shares through a Canadian registered dealer on the Canadian Exchange, and (ii) Computershare U.S. will aggregate all outstanding U.S. funds received from U.S. resident Plan participants on account of direct share purchases since the cut-off date of the previous Direct Share Purchase Date, and, on the Direct Share Purchase Date, will use such funds to purchase Common Shares through a U.S. registered dealer on the NYSE.

Each Plan participant's account will then be credited with the number of Common Shares, including fractional shares, equal to: (i) the total amount of cleared funds provided by such participant to the Plan Administrator on account of direct share purchases (less applicable fees of the Plan Administrator in accordance with its fee schedule), divided by (ii) the purchase price per share, calculated pursuant to the method described below under "*Purchase Price of Common Shares*."

## **7. PURCHASE PRICE OF COMMON SHARES**

The Common Shares purchased by the Plan Administrator pursuant to the Plan will be existing Common Shares purchased, for Canadian resident Plan participants, through a Canadian registered dealer on Computershare Canada's behalf, on the Canadian Exchange and, for U.S. resident Plan participants, through a U.S. registered broker-dealer on Computershare U.S.'s behalf, on the NYSE.

The purchase price of the Common Shares acquired on a dividend payment date (or within five business days thereafter) pursuant to the dividend reinvestment component of the Plan will be:

- for Canadian residents, the volume-weighted average of the actual price paid in Canadian dollars, on a per-Common Share basis, for the Common Shares purchased on behalf of Canadian resident Plan participants on the Canadian Exchange on that purchase date, and
- for U.S. residents, the volume-weighted average of the actual price paid in U.S. dollars, on a per-Common Share basis, for the Common Shares purchased on behalf of U.S. resident Plan participants on the NYSE on that purchase date.

The purchase price of the Common Shares acquired on a Direct Share Purchase Date pursuant to the direct share purchase component of the Plan will be:

- for Canadian residents, the volume-weighted average of the actual price paid in Canadian dollars, on a per-Common Share basis, for the Common Shares purchased on behalf of Canadian resident Plan participants on the Canadian Exchange (less applicable fees of the Plan Administrator in accordance with its fee schedule) on that Direct Share Purchase Date, and
- for U.S. residents, the volume-weighted average of the actual price paid in U.S. dollars, on a per-Common Share basis, for the Common Shares purchased on behalf of U.S. resident Plan participants on the NYSE (less applicable fees of the Plan Administrator in accordance with its fee schedule) on that Direct Share Purchase Date.

This Plan is one of three sub-plans being implemented by the Corporation with Computershare as Plan Administrator. The other two sub-plans are available to: (i) certain of our employees and consultants, and (ii) our restaurant owners, respectively. Computershare is entitled to aggregate all purchases of Common Shares across the three sub-plans, such that purchases made by Computershare on a given date under this Plan may include purchases made on behalf of participants under the other two sub-plans. Accordingly, the calculation of the purchase price of Common Shares under this Section 7 shall be determined with reference to Common Shares

purchased on behalf of participants under this Plan as well as the other two sub-plans, provided that such purchases were made on the same date.

Neither the Corporation nor any Plan participant shall have any authority or power to control the timing or pricing of Common Shares purchased under the Plan, or the selection of the broker making the purchases. Neither the Corporation nor Computershare will have any ability to control, or liability for, the timing or pricing of Common Shares purchased or sold. Therefore, Plan participants will not be able to precisely time their purchases under the Plan and will bear the market risk associated with fluctuations in the price of our Common Shares, as well as fluctuations in Canadian and/or U.S. currency rates. If Plan participants submit an initial or additional optional share purchase request, or request pre-authorized direct bank debits, it is possible that the market price of our Common Shares could increase or decrease before Common Shares are purchased with such Plan participants' funds. In addition, you will not earn interest on funds held pending investment for the period before the Common Shares are purchased.

For greater clarity with respect to the foregoing, no adjustments will be made to account for and no value will be paid in connection with: (i) any currency fluctuations, (ii) any difference in the trading price of our Common Shares on the Canadian Exchange and the NYSE, and/or (iii) any fluctuations in the trading price of our Common Shares as a result of the timing of (including any delay for any reason whatsoever in) the purchase of Common Shares pursuant to the Plan. The price of our Common Shares fluctuates on a daily basis. The price may rise or fall after you submit your request to purchase or pre-authorize bank debits and prior to the ultimate purchase of Common Shares on your behalf. The price risk and other risks described above will be borne solely by you.

## **8. FRACTIONAL SHARES**

The Plan Administrator will credit your account with fractions of Common Shares (and dividends in respect of such fractions). The rounding of any fractional interest shall be determined by Computershare using commercially reasonable methods. Upon termination of your participation in the Plan, you will receive cash in respect of any fractional shares held in your account under the Plan. See "*Termination of Participation in the Plan*," below.

Under the Plan, any cash dividends paid on fractional shares acquired through the Plan will be automatically reinvested in additional Common Shares.

## **9. SALE OF PLAN SHARES**

You may elect, at any time, to sell all or a portion of the Common Shares held by the Plan Administrator on your behalf by completing the termination/withdrawal portion of the voucher located on the reverse of your statement of account, and delivering it to Computershare Canada (in the case of Canadian residents) or Computershare U.S. (in the case of U.S. residents). You may also make a sale request online through Computershare's self-service web portal, Investor Centre, at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents.

Participants' requests that Computershare sell their Common Shares are irrevocable, and such sales will be made at market prices at the time of sale, by batch order. Market order sales, as

further described below, are available to U.S. residents through Computershare's Investor Centre web portal, or by calling Computershare U.S. at 1-888-705-1022.

In a batch order, your Common Shares will, subject to market conditions and other factors, be sold at prevailing market prices within five business days of receipt of your request, assuming the applicable stock exchange is open for trading and sufficient market liquidity exists. Participants who request the sale of their Common Shares under a batch order will not be able to either control the timing of such sales or place "limit orders" specifying the prices at which they are willing to sell their Common Shares. For U.S. residents electing to sell their Common Shares through a market order, market order sale requests received through Investor Centre or by telephone will be placed promptly upon receipt during market hours (normally 9:30 a.m. to 4:00 p.m. Eastern Time). Any orders received after 4:00 p.m. Eastern Time will be placed promptly on the next day the market is open. The price shall be the market price of the sale obtained by Computershare U.S.'s dealer, less applicable fees of the Plan Administrator in accordance with its fee schedule.

Other sale options may become available, from time to time, during the term of this Plan. Any new options shall be described online at Computershare's Investor Centre web portal at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents, and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents.

Common Shares that are sold on behalf of Canadian resident Plan participants will be sold through a registered dealer on the Canadian Exchange, while Common Shares sold on behalf of U.S. resident Plan participants will be sold through a registered dealer on the NYSE.

Please note that the Plan Administrator requires five business days before the record date for a dividend in order to enable dividend reinvestment on newly-acquired Common Shares. Accordingly, if a Plan participant acquires Common Shares within five business days before the record date for a dividend, then the dividends paid on such Common Shares on the applicable dividend payment date shall not be automatically reinvested in Common Shares, but, instead, a cheque representing the dividends paid on such Common Shares shall be sent to such participant.

Alternatively, you may choose to sell the Common Shares held by the Plan Administrator on your behalf through an Intermediary of your choice, in which case you would have to request that Computershare withdraw the non-fractional Common Shares from your Plan account and process a direct registration system deposit into your Common Share account. You would then contact your Intermediary in the usual manner to electronically transfer your Common Shares to your broker. The sale of your Common Shares would be subject to the procedures, fees and costs of the Plan Administrator and your Intermediary, for which you are solely responsible.

No fractional shares held on your behalf will be sold by the Plan Administrator or transferred to your Intermediary. The Plan Administrator will make a cash payment to you for any fractional Common Shares held in your account, based upon the closing price of the Common Shares on the TSX on the day immediately preceding the effective date of such sale or transfer (in the case of Canadian residents) or based upon the current market price of the Common Shares on the NYSE at the time of such sale or transfer (in the case of U.S. residents).

Common Shares that are sold on your behalf may be commingled with the Common Shares of other Plan participants that are sold on the same exchange (including participants under the Corporation's other two sub-plans). The sale price for such Common Shares shall be the volume-weighted average of the actual price paid, on a per-Common Share basis, for the Common Shares sold on behalf of Plan participants on the same stock exchange (less applicable fees of the Plan Administrator in accordance with its fee schedule) on the same sale date. All sale requests are final when the Plan Administrator receives them. Computershare cannot and does not guarantee the actual sale date, time or price, nor can it stop or cancel any request to sell Common Shares. Furthermore, neither the Corporation nor any Plan participant shall have any authority or power to direct the time, date or price at which Common Shares may be sold, or to select the broker or dealer through or from whom sales are to be made by the Plan Administrator. Therefore, Plan participants will not be able to precisely time their sales under the Plan and will bear the market risk associated with fluctuations in the price of our Common Shares, as well as fluctuations in Canadian and/or U.S. currency rates. If a Plan participant submits a sale request, it is possible that the market price of our Common Shares could increase or decrease before such Plan participant's Common Shares are sold. Neither the purchase price nor the sale price is determined until such time as the broker completes the trade. In addition, Plan participants will not earn interest on investments of any funds for the period before the Common Shares are sold.

Computershare will send you a cheque for the proceeds of the sale, less any fees and applicable taxes, if any, for which you are solely responsible. See "*Participation Fees*," below.

For greater clarity with respect to the foregoing, no adjustments will be made to account for and no value will be paid in connection with: (i) any currency fluctuations, (ii) any difference in the trading price of our Common Shares on the Canadian Exchange and the NYSE, and/or (iii) any fluctuations in the trading price of our Common Shares as a result of the timing of (including any delay for any reason whatsoever in) the sale of Common Shares pursuant to the Plan. The price of our Common Shares fluctuates on a daily basis. The price may rise or fall after you submit your request to sell and prior to the ultimate sale of your Common Shares. The price risk and other risks described above will be borne solely by you.

## **10. PARTICIPATION FEES**

The Plan is offered by the Corporation as a service to our shareholders, and, because all of the Common Shares allocated to Plan participants are purchased in the open market, we do not receive any proceeds from share purchases made under the dividend reinvestment or direct share purchase components of the Plan. You are responsible for any sales, transfer, direct share purchase and other fees charged by Computershare, as set forth from time to time in the fee schedule available online at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents, and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents, as well as any fees, charges and expenses of your Intermediary. We do not receive any of the fees and commissions charged by Computershare. We will pay certain administrative fees and expenses of Computershare as may, from time to time, be agreed upon by Computershare and the Corporation.

The initial schedule of fees payable by Plan participants to Computershare is set forth in the fee schedule available online at Computershare's Investor Centre web portal, which is subject to change and amendment from time to time. To understand the current fees that will be charged to

your Plan account, you should review a copy of the Computershare fee schedule prior to making your investment decision. The Computershare fee schedule is available online at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents, and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents.

## **11. REPORTING TO PARTICIPANTS**

Each Plan Administrator will maintain a separate account for each Plan participant resident in that Plan Administrator's jurisdiction. On a quarterly basis, Computershare will provide each Plan participant with a detailed statement of account. This statement will set out the record date, the dividend payment date, the amount of cash dividends paid on the participant's Common Shares, the amount of any applicable withholding tax, the number of Common Shares purchased through the Plan with respect to such dividend, any direct share purchases made on behalf of such participant, the purchase price for any Common Shares acquired on behalf of such participant (pursuant to both the dividend reinvestment and direct share purchase components of the Plan), the number of Common Shares sold through the Plan at the participant's request, the sale price for any Common Shares sold on behalf of such participant, and the updated total number of Common Shares being held by Computershare for the participant's account. Plan participants may also view their account information online at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents, and [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents.

If you are not a registered shareholder and participate in the Plan through arrangements made with your Intermediary, you should contact your Intermediary for account information.

Due to the manner in which dividends are treated under applicable tax laws, you will need to remain mindful of your cash flow situation, as you may be required to make remittances to taxing authorities in connection with your annual tax obligations for dividends reinvested under the Plan, and as a result of other transactions undertaken pursuant to the Plan. The Plan Administrator will send Canadian resident Plan participants a Form T5 and will send U.S. resident Plan participants a Form 1099-DIV after each year-end, reporting any dividend income that was received by Plan participants, through the Plan, during the year. In addition, if you sell Common Shares through the Plan, the Plan Administrator will send Canadian resident Plan participants a Form T5008 and a Relevé 18 (for Québec residents) and U.S. resident Plan participants a Form 1099-B after each year-end, reporting any sales proceeds that were received by Plan participants, through the Plan, during the year.

## **12. TERMINATION OF PARTICIPATION IN THE PLAN**

You may terminate your participation in the Plan at any time by following the instructions at Computershare's Investor Centre web portal, at [www.computershare.com/timhortons](http://www.computershare.com/timhortons) for Canadian residents or [www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa) for U.S. residents, or by completing the termination portion of the voucher located on the reverse of your statement of account and delivering such document signed by the registered holder to Computershare. Beneficial owners must make arrangements to terminate their participation through their Intermediary.

To cease reinvesting your dividends, Computershare must receive your notice of termination at least five business days before the record date for the next dividend. If Computershare receives your termination request after that date, the termination will be effective the day following the completion of the dividend reinvestment period. When a Plan participant terminates participation in the Plan, a direct registration system transfer of the whole Common Shares credited to that participant's Plan account will be made to the registered shareholder ledger, and a cash payment will be made for any fractional Common Shares, based upon the closing price of the Common Shares on the TSX (in the case of Canadian resident participants) on the day immediately preceding the effective date of termination, or based upon the market price of the Common Shares on the NYSE (in the case of U.S. resident participants) at the time of such transfer. Thereafter, cash dividends on any of the Common Shares held by such shareholder will be paid to that holder in cash and will not be reinvested.

Your participation in the Plan will continue following your death until terminated by your personal representative or by the Corporation.

### **13. LIMITATIONS ON PARTICIPATION IN THE PLAN**

You may not transfer the right to participate in the Plan to another person. In addition, Plan participants may not pledge Common Shares deposited in their Plan accounts. Such shares would need to be withdrawn from the Plan in order to be pledged.

The Corporation reserves the right to refuse participation in the Plan to, or terminate the participation of, any person who, in our sole opinion, is participating in the Plan primarily with a view to arbitrage trading, whose participation in the Plan is part of a scheme to avoid applicable legal requirements or engage in unlawful behavior, or who has been artificially accumulating our securities, for the purpose of taking undue advantage of the Plan to our detriment. We may also deny the right to participate in the Plan to any person or category of persons, or terminate the participation of any participant or category of participants, if we deem it necessary or advisable to do so in order to comply with all applicable securities laws or other legal requirements, including any changes in laws, or interpretations of laws, occurring after the Plan's implementation.

No person who beneficially owns, or controls or directs, Common Shares (or securities that are convertible or exercisable into Common Shares) representing 5% or more of the total combined voting power or value of all classes of shares of the Corporation shall be eligible to participate in the Plan. If, following enrolment in the Plan, a Plan participant acquires ownership, or control or direction over, Common Shares (or securities that are convertible or exercisable into Common Shares) that represent 5% or more of the total combined voting power or value of all classes of shares of the Corporation, then such participant's participation in the Plan shall be immediately terminated.

The total amount of funds invested in Common Shares (whether by way of dividend reinvestment or direct share purchases) on behalf of a Plan participant in any one calendar year may not exceed C\$250,000 for Canadian residents and US\$250,000 for U.S. residents. See “*Direct Share Purchases – Share Purchase Options*,” above, for information concerning the minimum amount per purchase that may be made through the direct share purchase component of the Plan.

#### **14. BOOK-ENTRY SHARES**

You will not receive a share certificate representing your Common Shares. All Common Shares purchased pursuant to the Plan, similar to all other Common Shares of the Corporation, will be held in book-entry form and will be credited to the individual Plan account maintained on your behalf by the Plan Administrator.

Accounts under the Plan are maintained in the names in which the Common Shares of the participants were registered at the time they enroll in the Plan.

#### **15. VOTING OF PLAN SHARES**

For any meeting of shareholders, the Common Shares held by the Plan Administrator on your behalf will be voted as you direct or you may vote by proxy or in person at the meeting of shareholders. A fractional share does not carry the right to vote.

#### **16. IMPACT OF A RIGHTS OFFERING**

If the Corporation has a rights offering pursuant to which holders of our Common Shares may subscribe for additional Common Shares or other securities, Plan participants may participate in the rights offering with respect to the whole Common Shares held in the Plan on their behalf, on the same basis as other shareholders. Rights attributable to fractional shares held for participants under the Plan will be accumulated and then sold by Computershare. The cash proceeds from such sale will be distributed proportionately to the accounts of the Plan participants.

#### **17. IMPACT OF A STOCK SPLIT OR STOCK DIVIDEND**

Common Shares distributed pursuant to a stock dividend or a stock split on Common Shares held by Computershare on behalf of a Plan participant will be retained by Computershare in the same manner that Common Shares are held under the Plan, and credited proportionately to the accounts of the Plan participants.

#### **18. LIMITATION OF LIABILITY OF THE CORPORATION AND COMPUTERSHARE**

None of the Corporation, Computershare Canada or Computershare U.S., in administering the Plan, shall be liable for any act or any failure to act, including, without limitation, any claims of liability with respect to: (a) the receipt or non-receipt of any payment, form or other writing or electronic submission purported to have been sent to the Corporation or Computershare; (b) any actions taken as a result of inaccurate or incomplete information or instructions; (c) any decision to amend, suspend, terminate or replace the Plan in accordance with the terms hereof, which the



Corporation may undertake in its sole and absolute discretion, subject to any applicable regulatory or shareholder approval requirements; (d) the involuntary termination of your participation in the Plan in the circumstances described herein; (e) the prices at which Common Shares are purchased for your account and/or the date or time such purchases are made, including any delay encountered in connection with such purchases, whether contemplated under the Plan or otherwise; (f) the prices at which Common Shares are sold for your account and/or the date or time such sales are made, including any delay encountered in connection with such sales, whether contemplated under the Plan or otherwise; (g) fluctuations in the market price of the Common Shares after the purchase or sale of such shares; (h) foreign currency fluctuations; or (i) income, capital gains, transfer or other taxes, or other liabilities payable by any participant or beneficial owner in connection with their participation in the Plan.

None of the Corporation, Computershare Canada or Computershare U.S. will be liable in respect of the prices at which Common Shares are acquired or sold on behalf of Plan participants or the timing of acquisition or sales made under the Plan, including any losses or lost profits with respect to the price or times at which Common Shares are purchased or sold for any Plan participant's account.

Both the Corporation and Computershare will have the right to reject any request regarding enrolment, withdrawal or termination from the Plan if such request is not received in proper form. Any such request will be deemed to be invalid until any irregularities have been resolved to our satisfaction and/or Computershare's satisfaction. As neither the Corporation nor Computershare is under any obligation to provide notice of invalid requests, you are advised to confirm whether your initial enrolment and subsequent dividend reinvestment and direct share purchases and sales have been made.

In administering the Plan, Computershare is acting solely as agent of the Corporation and owes no duty, fiduciary or otherwise, to any other person by reason of the Plan, and no implied duties, fiduciary or otherwise, will be read into the status of Computershare as the plan administrator under the Plan.

In the absence of gross negligence or willful misconduct on its part, the Corporation, whether acting directly or through agents or attorneys, shall not be liable for any action taken, suffered or omitted, or for any error of judgment made by it, in the performance of its duties under the Plan. In no event will Computershare or the Corporation be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profit), even if Computershare or the Corporation has been advised of the likelihood of such loss or damage and regardless of the form of action.

In administering the Plan, neither Computershare nor the Corporation shall be required to make and will make no representations and have no responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own. In addition, Computershare is not obligated to take any legal action under the Plan that might, in its judgment, involve any expense or liability, unless it has been furnished with reasonable indemnity.

## **19. RISK OF MARKET PRICE FLUCTUATIONS**

Plan participants should recognize that Common Shares acquired under the Plan are no different from an investment in Common Shares directly held. Accordingly, neither the Corporation nor the Plan Administrator can ensure a profit or protect against a loss on Common Shares purchased or sold under the Plan, and neither shall be liable for any change in the market value of any security at any time.

## **20. INSIDERS**

Plan participants that are considered insiders of the Corporation may not start, cease or change their elections regarding direct share purchases, provide instructions to sell the Common Shares held by the Plan Administrator on their behalf, initiate or cease their dividend reinvestment participation or otherwise make investment decisions under the Plan at a time when they would be restricted from trading pursuant to the Corporation's insider trading policies or applicable securities laws. Insiders that wish to make an investment election or decision regarding the Plan, including the elections or decisions described in this Section 20, should seek pre-clearance from the Corporation's securities law group in accordance with the Corporation's insider trading policies before making such election or decision.

## **21. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN**

The Corporation reserves the right to amend, modify, suspend or terminate the Plan at any time without your consent, subject to any regulatory or shareholder approval requirements.

Furthermore, from time to time, the Plan Administrator may offer additional services to participants under the plans that it administers. Accordingly, additional options may, from time to time, be available to Plan participants, which may be subject to the payment of fees or costs by Plan participants.

Computershare will notify you in writing of any modifications made to the Plan that, in our opinion, may materially prejudice participants. Generally, no notice will be given to participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, unless they materially affect the operation of the Plan, nor will a general notice be given of any additional benefits or features added to the Plan. These developments will be posted on Computershare's Investor Centre web portal.

If we terminate the Plan, Common Shares will be transferred to the registered shareholder ledger and will continue to be held in book-entry form, and Computershare will remit cash payments to participants for any fractional share, based upon the closing price of the Common Shares on the TSX (in the case of Canadian residents) on the day immediately preceding the effective date of termination of the Plan or based upon the current market price of the Common Shares on the NYSE (in the case of U.S. residents) at the time of such transfer.

If we suspend the Plan, Computershare will make no purchases of Common Shares on the dividend payment date immediately following the effective date of such suspension, or thereafter. Any Common Share dividends subject to the Plan and paid after the effective date of

such suspension will be remitted in cash by Computershare to the Plan participants to whom they are due.

Any requests made by Plan participants for direct share purchases or sales of Common Shares, that have been submitted, duly completed and, for purchases, accompanied with full payment, prior to the suspension or termination of the Plan, shall be processed by Computershare in accordance with the terms of this Plan. Any requests made by Plan participants for direct share purchases or sales of Common Shares following the suspension or termination of the Plan shall be cancelled and, if applicable, funds remitted to Computershare for the direct purchase of Common Shares shall be returned to the Plan participant.

## **22. NOTICES TO PLAN PARTICIPANTS**

All notices from Computershare to Plan participants will be addressed to registered holders at their last known address on Computershare's share register. Beneficial shareholders will not receive notices directly from the Corporation or Computershare, but may receive notices through their Intermediary.

## **23. CONTACT INFORMATION**

All questions regarding the Plan as well as all notices, requests, elections or instructions under the Plan required or permitted to be given to Computershare should be in writing and signed, and should be sent to the following address:

For Plan participants resident in Canada:

COMPUTERSHARE TRUST COMPANY OF CANADA  
100 University Avenue, 9th Floor  
Toronto, Ontario M5J 2Y1  
Tel: (800) 697-8078

[www.computershare.com/timhortons](http://www.computershare.com/timhortons)

For Plan participants resident in the United States:

COMPUTERSHARE TRUST COMPANY, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078  
Tel: (888) 705-1022

[www.computershare.com/timhortonsusa](http://www.computershare.com/timhortonsusa)

## **24. PLAN INTERPRETATION**

We reserve the right to interpret and regulate the Plan as we deem necessary or desirable and any such interpretation will be final.

Unless the context requires otherwise, in this Plan, “we,” “our” and “us” refer solely to Tim Hortons Inc.

Unless the context requires otherwise, words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include feminine and neuter genders and vice versa, and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

The Plan is governed by and construed in accordance with the laws of the Province of Ontario, without giving effect to any principles of conflicts of laws.