

# Tim Hortons®

## THE MARKET

When the first Tim Hortons® store opened in Hamilton, Ontario, Canada in 1964, dining out was viewed as an occasional treat. Throughout the last 42 years, the pace of life and demand for on-the-go service has increased. Quick, friendly service at the drive thru or in-store, combined with fresh, consistent offerings at a great value has made Tim Hortons a welcome addition to communities across Canada and the United States. Today, customers look for restaurants in convenient locations with diverse menu choices. Tim Hortons is proud to deliver — providing fresh coffee, baked goods and options at breakfast, lunch and dinner.

## ACHIEVEMENTS

In 2004, Tim Hortons celebrated its 40th anniversary in Canada. Tim Hortons' commitment to top quality, always fresh product, great service and community leadership has allowed it to grow into Canada's largest quick service restaurant. In 2006, Tim Hortons is offering its always fresh coffee, baked goods and home-style lunches at more than 2,600 locations across Canada and over 290 restaurants in the United States.

Tim Hortons has received many awards of recognition including: Canada's Best Managed Brand, *Canadian Business Magazine*, 2004; Marketer of the Year, *Marketing Magazine*, 2004;



Company of the Year, *Report On Business Magazine*, 2002 and was listed as one of Canada's Top 100 Employers for five consecutive years.

## HISTORY

The Tim Hortons chain was founded in Hamilton, Ontario, Canada in 1964 by National Hockey League All-Star defenseman Tim Horton. In 1967, Horton partnered with franchisee and then operator of three Tim Hortons restaurants, Ron Joyce. Together they opened 37 new restaurants over the next seven years. Following Tim Horton's tragic death in 1974, Mr. Joyce continued to expand the chain, becoming its sole owner in 1975.

In the early 1990s, Tim Hortons and Wendy's® entered into a partnership to develop combination restaurants containing Wendy's and Tim Hortons under the same roof. On December 29, 1995, The TDL Group Corp., the licensing company for Tim Hortons franchises, completed a merger with Wendy's International, Inc., creating one great company with two quality brands. The merger

gave new focus and impetus to the expansion of the Tim Hortons concept in key markets in Canada and the United States.

Throughout the last 10 years, the Tim Hortons chain has continued to enhance its growth opportunities while maintaining its core commitment to top quality, always fresh product, value and exceptional service. Most standard Tim Hortons locations are open 24 hours. Customers can dine-in, take-out or use convenient drive-thrus, catering to consumers on-the-go. The chain's "We

Fit Anywhere" strategy has allowed for expansion in a number of nontraditional locations such as gas stations, convenience stores, universities, hospitals, office buildings and airports.

## THE PRODUCT

The first Tim Hortons restaurant offered only two products — coffee and donuts. The selection of donuts was highlighted by two original Tim Hortons creations, the Apple Fritter and the Dutchie.

Tim Hortons' menu has constantly evolved to meet ever-changing consumer tastes,





and growing demand for fresh, diverse menu choices throughout the day. In 1976, the chain introduced the phenomenally successful Timbit® (bite-sized donut hole). The chain's growth in the '80s brought a series of product introductions including muffins, croissants, cookies, soups and chili. With an increased focus on a balanced diet in the '90s, healthier options were introduced, including an all-star line-up of six "Tim's Own"® sandwiches and a variety of bagels. Tim Hortons also added a number of new beverage options including flavoured cappuccino, Café Mocha and Iced Cappuccino. In recent years, Tim Hortons has continued to introduce new product innovations to the menu, including the Cinnamon Roll, Hot Smoothee and Yogurt & Berries.

Tim Hortons' biggest drawing card remains its legendary coffee. The premium blend is also available in tins, as are Tim Hortons hot chocolate and flavoured cappuccinos, allowing customers to enjoy these great tasting products at home.

#### RECENT DEVELOPMENTS

In March 2006, Tim Hortons reached another milestone with the initial public offering of the company. Trading commenced on the Toronto Stock Exchange and New York Stock Exchange on March 24 under the symbol THL.

#### PROMOTION

The marketing program at Tim Hortons is designed to create and extend the brand image as "your neighbourhood Tim's," offering quality products at reasonable prices. Despite becoming one of the most recognizable brands in Canada,



the company maintains its focus on the franchisees and customers who helped make it the success it is today. Letters and stories from loyal customers have served as inspiration for



many of Tim Hortons most popular promotional efforts. For example, the "True Stories" television commercials are created from outstanding customer testimonials and feature the true-life experiences of customers' interaction with Tim Hortons.

In 1986, another customer-driven promotion began — Roll Up The Rim To Win®. Designed as a fun and interactive way to thank Tim Hortons' loyal customers, the annual promotion gives away millions of prizes each year and has become a "rite of spring" for loyal customers.

Tim Hortons' franchisees believe in building long-term relationships with customers by giving back to the communities that support them. Regional marketing groups support locally targeted initiatives, including the "Smile Cookie" program, which raises money for hundreds of local charities and non-profit organizations. In addition, Tim Hortons is a major supporter of minor sports. Over 120,000 Timbit youth athletes between the ages of four and eight can be found in arenas and sports fields throughout North America.

Tim Hortons has also taken a leadership role in promoting environmental awareness. Through educating customers and offering eco-friendly choices, the company is committed to keeping streets clean and the environment healthy.

Whether it's in the marketplace or in the neighbourhood, Tim Hortons considers itself a member of the community and makes caring for customers a priority.

#### BRAND VALUES

Rooted to the caring and unpretentious style that has propelled the chain to where it is today, Tim Hortons is committed to providing the same great value, fresh product and friendly service that were instilled by company founders. Tim Hortons considers itself a member of the communities in which it operates. Committed to its customers, Tim Hortons consistently supports local, regional and national nonprofit initiatives.

Our most notable community outreach project is the Tim Horton Children's Foundation. Founded in 1974, the Tim Horton Children's Foundation is an independent non-profit charitable organization that selects local children age nine to twelve who could otherwise not afford it to attend various programs throughout the year, including a 10-day residence camp experience. The camp experience is designed to give children confidence in their abilities, pride in their accom-

plishments and the chance to gain a positive view of the world and their future in it. In 2005, more than 11,000 kids attended one of the six Foundation camps, located in Kananaskis, Alberta; Parry Sound, Ontario; St. George, Ontario; Quyon, Quebec; Tatmagouche, Nova Scotia; and Campbellsville, Kentucky. Every spring, Tim Hortons and its franchisees demonstrate their commitment to the Tim Horton Children's Foundation through participation in Camp Day, the one day a year where every penny from coffee sales is donated to the Foundation.



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#### THINGS YOU DIDN'T KNOW ABOUT TIM HORTONS

- Tim Hortons "Always Fresh" promise guarantees a fresh cup of coffee every time. If it's not served within 20 minutes of being brewed, it's not served at all.
- Since 1974, the Tim Horton Children's Foundation has sent over 83,000 economically disadvantaged children on the camping adventure of a lifetime. It is largely supported by Camp Day — the one day a year when all Tim Hortons store owners donate 100 percent of their coffee sales to the Foundation.
- Tim Hortons' Sustainable Coffee Partnership Program was recently launched in Guatemala. Committed to improving the living conditions of coffee farmers and their families, the program teaches farmers about proper coffee growing techniques and helps improve living conditions by establishing new infrastructure and opportunities.