



Great White North Franchisee Association
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COURT APPROVES CLASS ACTION SETTLEMENT AGREEMENT April 29 2019

We are pleased to confirm that the Superior Court of Justice, Ontario, approved the class action settlement today. The settlement is valued at \$37.4 Million to Franchisees.

Settlement was reached after TDL made substantial disclosure of Ad Fund spending. As part of the settlement TDL also agreed not to discourage membership in the GWNFA. Both sides believe that the settlement is favourable and the GWNFA board voted unanimously in favour of it. There were no opt-outs. The sole objection sought to improve the settlement.

Mark Walker stated “I am confident this process and the settlement agreement have created a foundation of trust. We, the Great White North Franchisee Association, are hopeful that we will be able to build off that foundation with TDL and the Ad Board to further franchisees interests and the Tim Hortons system alike. The funding this settlement provides is valuable to our ongoing efforts. A special thank you to past and present GWNFA Board members and supporters, we would not have achieved this successful outcome without you!”

Terry Connoy, consultant to GWNFA, stated “It is a resounding endorsement of the terms that we agreed to.”

Key terms of the Settlement Agreement include:

- (a) TDL will pay \$10 Million over the next two years toward enhancing local marketing initiatives (the "**Advertising Supplement**"). Exact regional and community brand building expenditures will be determined by the current regional marketing process;
- (b) TDL will remit \$2 Million to Class Counsel to pay legitimate and reasonable costs of legal, administrative, operational, organizational, logistical, expert, consultant, disbursements, travel and other expenses (the "**Background Expenses**");
- (c) TDL stated that it would not discourage Franchisees from joining or participating in an association regardless of whether their province or territory had such statutory rights and obligations (the "**Right to Associate Benefit**");

- (d) TDL and the Tim Hortons Franchisee Advisory Board amended the Franchisee Advisory Board Governance Handbook to increase the visibility of Ad Fund expenditures to Franchisees, including audit rights and accountability obligations to report and respond to Franchisees' inquiries;
- (e) TDL revoked clauses in Franchisee Agreements that prohibited Franchisees from negotiating their own insurance contracts (the "**Insurance Benefit**") and dairy supply contracts (the "**Dairy Benefit**");
- (f) Amounts payable under the Litigation Funding Agreement are payable from the Advertising Supplement;
- (g) TDL will provide 10-year renewal rights to the current GWNFA board members; and,
- (h) TDL will withdraw and rescind the brand protection notices served on September 4, 2018 and the breach of media policy notices dated October 25, 2018 to the current GWNFA board members.

In addition to the \$12 Million cash payments, a forensic business valuator determined the insurance benefit, dairy benefit and 10-year renewal rights (the value-in-kind elements) to be worth \$25.4 Million for a total settlement value of \$37.4 Million. A copy of the court's decision approving the settlement is available at www.gwnfa.ca and www.himprolaw.com.

The court also approved the amounts payable to Galactic TH Litigation Funders LLC and Himelfarb Proszanski under the litigation funding agreement. Galactic and Himelfarb Proszanski remain available to assist GWNFA members going forward.

Stay tuned for further developments as the settlement rolls out.

We encourage you to renew your membership so that the Association can continue its efforts to advance the interests of franchisees. Click here <https://www.gwnfa.ca/new-member/> to join or renew your membership. If you have any questions, feel free to call 1-877-855-7788.

Stay tuned -- there is more to come!

GWNFA Board of Directors