



BFI CANADA INCOME FUND

FIRST QUARTER 2007

CONFERENCE CALL

MAY 16, 2007

OPERATOR: Good morning ladies and gentlemen, and thank you for standing by. Welcome to the BFI Canada Income Fund First Quarter Results Conference Call. At this time all participants are in a listen-only mode. Following the presentation we will conduct the question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press the star key followed by zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded today Wednesday, May 16th, 2007 at 8:30 a.m. Eastern Time, and would now like to turn the conference over to Ms. Chaya Cooperberg, Director, Investor Relations and Corporate Communications. Ms. Cooperberg, please go ahead.

CHAYA COOPERBERG (DIRECTOR, INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS): Thank you and thank you all for joining us today. On the call is Keith Carrigan, Vice Chairman and Chief Executive Officer of BFI Canada and Tom Cowee, Chief Financial Officer who will both be providing comments on the Fund's performance and the three months ended March 31st, 2007. Also on the call today is Mickey Flood, President of BFI Canada who will be available to answer questions during the question and answer period.

Before getting started, let me remind you that our remarks and answers to your questions today may contain forward-looking information about future events or the Fund's future performance. Although forward-looking statements are based upon what management believes to be reasonable assumptions, the Fund cannot assure unitholders that actual results will be consistent with these forward looking statements. The Fund disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. We also do not commit to continue reporting on items or issues that arise either during our presentation or in the discussion that will follow.

This information by its nature is subject to risks and uncertainties that may cause actual events or results to differ materially. Please refer to the bottom of yesterday's news release for further information and to our Annual Information Form for a more complete outline of the risks affecting our industry. By now we hope you've had a chance to review the news release; if not, please log on to our website at www.bficanada.com for a copy. A telephone replay of this conference will be available until midnight on May 30th at 416-640-1917 or 1-877-289-8525, reservation number 21231116; these details are available in the news release. I would now like to turn the call over to Keith Carrigan, Vice Chairman and CEO of BFI Canada.

KEITH CARRIGAN (VICE CHAIRMAN AND CEO): Thank you, Chaya. And I would like to welcome everyone to today's first quarter conference call. First quarter of 2007 was a great start to the year for us. If it wasn't clear before it should be clear now that we are company very much committed to grow both organic and by acquisition and then our efforts to build our business from the bottom-up is clearly working. Our first quarter performance delivered a 13.1% increase in revenues, a 16.1% increase in EBITDA, an 8.3% increase in free cash flow available for distribution and 6.7% increase in aggregate distributions declared compared to the same period a year ago. Those numbers are a testament to the stability of our base business and the effectiveness of our market focus strategies.

Let me provide you with some additional financial highlights for the quarter. I will then turn the call over to Tom Cowee for a more detailed financial review. Total revenues of \$202.3 million was \$23.4 million higher than the same quarter last year, \$11.3 million of this growth came organically with another \$8.6 million from acquisition. The balance of the growth came from foreign exchange, fuel, and environment surcharges. Organic growth in Canada was almost 10% in the first quarter and was 4.4% in the US.

On a consolidated basis, organically growth was 7.4%. We achieved this despite experience of decrease in volumes at some of our

landfill in our transfer stations due to poor winter weather conditions compared to the same period one year ago. This decline in volumes was partially offset by higher commodity prices for our recycle materials principally in Canada. However, we do expect these volumes to return during the balance of the year. I will note that despite the impact of the weather conditions on our landfill and transfer station operations, our collection operations continue to deliver double digit growth in the quarter. We have been able to consistently grow our organic revenues through the bottom-up strategy that empowers our people to make local decisions, but first quarter was no different in this regard.

We have continued to broaden our customer base, increase density, and capitalize on our vertically integrated assets. This strong revenue performance resulted in a 16.1% increase in EBITDA which totaled \$58.7 million, \$8.1 million higher than one year ago through the same period. This helped us generate \$33.1 million in free cash flow available for distributions surpassing last year by 8.3%. Aggregate distributions declared in turn improved to \$29.6 million or \$0.45 per unit up from \$27.8 million or \$0.42 one year ago. Despite this growth, the Fund's payout ratio was 89.5% which is below our annual long-term target of 90%. Our payout ratio does tend to be higher in the first quarter of this year because of seasonality and the timing of maintenance capital payments. Some of the

more important measure is our cumulative ratio, which includes the first quarter now stands at a healthy 84.7% since the Fund's inception.

I will let Tom put his performance in more context, but I will say we are proud of what we have been able to achieve for our unitholders and I hope you will agree growth from momentum remain strong. At our annual meeting here at Toronto yesterday afternoon, I spoke about growth and momentum as being two of BFI Canada's defining characteristics, the things that we have become known for. I think it's important for all of our stakeholders to know that we have a well established methodology for driving growth in our business. We understand what drives performance and we have proven this over successive years and with each quarter we report.

As we look ahead, we believe the value we delivered to our owners and customers will come to accretive but disciplined approach to growth internally and also as you may well accept by way of acquisition. We will not let the income trust structure impede or diminish the delivery of that value. I have said this before and I will say it again that we must have free and entrepreneur (Ph) access to a broad capital market. We need breadth and certainty in the capital markets because with these attributes, we get the proper credit for our potential and create value for our unitholders.

We were in fact able to successfully access for capital markets with a \$93 million operating of our trust units that closed April 5th and offering

that was over subscribed and demonstrated to support the market for our units and for our company. We are very pleased with the outcome of that offering, however we will continue to review all of the options available to us. We remain committed to our goal of generating value and we are acting on a business as usual basis, as demonstrated by our growth once again in the first quarter.

Business issues will include re-investment on our business to support future growth. This year we expect eminence capital expenditures of between CND\$18 million and CND\$20 million for our Canadian platform and US\$31 million to US\$33 million for our US platform. In the first quarter we spent about 22% of our maintenance expenditure budget for the year and we invested \$10.2 million on growth capital.

This year we are focused on seeking opportunities for strategic acquisitions that will create additional value for our unitholders. We have re-engineered our M&A team and we are intensifying our program of identifying tuck-ins and platform acquisitions. In the first quarter, we completed four tuck-in acquisitions for aggregate cash consideration of \$4.3 million.

So, to include my comments, on balance we believe our outlook for 2007 continues to remain positive. We are confident that the business fundamentals in place to achieve a year of solid results that each of our geographical segments. Throughout our industry, we continue to see

pricing strength and we believe that we have leverage in the markets we operate in. We are well positioned to employ our market-focused strategies to further improve our performance.

Now I would like to turn the call over to Tom for additional financial review. Tom?

THOMAS COWEE (CHIEF FINANCIAL OFFICER): Thanks Keith and good morning everyone. As Keith highlighted, we had a strong start to 2007, however, the performance was solid despite the impact of what we considered being more and normalized winter conditions during the quarter when compared to the unusually mild months we experienced same period in 2006. And, as Keith has said, we expect volumes at our transfer station and landfills to return during the balance of the year.

Moving on, operating experiences grew about 12.5% or \$12.9 million in the first quarter. The increase was due to higher total disposal and labor costs as a result of more internally collected waste volumes and higher costs to service new and existing customers, contracts, and acquisitions. The balance of the total change is due principally to higher vehicle operating costs, and repairs and maintenance expense to support the increased volumes.

Selling, general, and administrative expenses increased 9.6% or \$2.4 million. Higher total salaries and an increase in our total contributions

to our long-term incentive plan represent approximately \$2.1 million of the increase. Organic and acquisition growth, coupled with additional sales difference, are the primary reasons for the increase in total salaries. As Keith mentioned earlier, we have a solid first quarter EBITDA performance due to contributions from acquisitions and organic growth.

Now turning to other expenses. Amortization expense increased 7.5% or \$2.6 million in the first quarter of 2007. Canadian segment increased about \$400,000 is attributable to higher capital asset amortization and due largely to acquisitions and a quarter growth capital through 2006. The aggregate US segment increase is attributable to higher capital, landfill and tangible asset amortization due to acquired growth capital through 2006, acquisitions, and higher landfill amortization rates.

Interest on long-term debt increased 23.3% or \$1.9 million primarily due to drawings on our Canadian and US revolving credit facilities to finance growth expenditures, working capital, and acquisitions. Lower borrowing costs on variable rate demand solid waste disposal revenue bond financings or IRBs principally offset these increase.

We have been very active in the past few months in adjusting our debt facilities in order to maintain more flexibility or as much flexibility as possible separately in our Canadian and US operations. As of March 21, 2007, we have amended our Fourth Amended and Restated Credit

Agreement in Canada. This increase committed Canadian segment credit to \$150 million from \$80 million and the total available credit from this facility, subject to lender consent, to \$200 million from \$120 million. The maturity date was also extended to May 30, 2011 from June 30, 2010 and the maturity date remains subject to one year extensions.

Effective March 27, 2007 we entered into a new 15-year agreement for IRBs in Texas. The IRBs are made available to a maximum of \$24 million and are available to fund a portion of landfill construction activities, equipment, vehicle, and container expenditures in our Texas operations. The IRBs bear interest at a discount to LIBOR. A portion of the Fund's drawings under this facility was used to repay the Fund's US revolving credit facility with the balance to be used to finance landfill construction activities, equipment, vehicle, and container expenditures. At March 31, 2007, approximately US\$6 million was restricted cash in the facility for the purpose of financing near-term expenditures previously described.

And as Keith mentioned earlier, we recently closed an equity offering. Effective April 5, 2007, we closed a \$3.1 million trust unit offering plus an overallotment option of an additional 465,000 trust units. We applied the net proceeds from the offering, approximately \$87.6 million against advances from our US revolving credit facility.

At March 31, 2007, we were in compliance with all of our long-term debt facility governance. We remain confident that our long-term debt

facility and variable capacity are sufficient to meet our plan growth and development activities near term.

However, to our industry, we continue the conservative to leverage with a ratio of 2.37 times debt to EBITDA, and our trust unit offering closed on March 31, 2007, and the proceeds from the offering been applied against US revolving credit facility advances of Fund's long-term debt to EBITDA ratio would have been 2.01 times. We believe our financial condition to be stable and that we are well positioned to continue to grow operations in the near term and create value for our unitholders.

Moving along we will just take a look at capital and landfill expenditures. Our total maintenance spend in the first quarter was \$12.3 million. Growth expenditures in the first quarter of 2007 totaled \$10.2 million and was about \$5.3 million lower than in the first quarter a year ago. Now turning to free cash flow available for distribution, this increased by 8.3% to \$33.1 million.

On a per weighted average trust unit and participating preferred share basis, free cash flow available for distribution in the first quarter of 2007 was \$0.51 up \$0.04 or 8.5% from the first quarter a year ago. Additionally, we declared aggregate distributions of \$29.6 million or \$0.45 per unit that's 6.7% higher than a year ago. Our payout ratio in the quarter was 89.5% as compared to 90.8% in the first quarter last year and cumulative payout ratio for company today is 84.7% in line with our stated

90% annual payout ratio target. Remember, that our payout ratio is usually higher in the first quarter because of the impact, seasonality on the revenue and EBITDA and the timing differences I discussed with respect to maintenance capital spending.

Thank you for listening today and now I ask the operator to open lines for questions. Operator?

QUESTION AND ANSWER SESSION:

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question and answer session. If you have a question, please press the star key followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you're using a speakerphone before pressing any keys. One moment please for your first question. your first question comes from Sophia Taylor of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning.

KEITH CARRIGAN: Good morning Sophia.

SOPHIA TAYLOR: Thank you. The first question I have is just upon, with respect to your topline the grows, I guess, you had stated explanation, I guess, for it or part of it is for or it's on the broadening customer base and density, I am wondering if we could perhaps get some more color on the broadening customer

base in terms of type of operations and perhaps route density in terms of perhaps region being focused on?

KEITH CARRIGAN: Well, you know, part of our process is, as you know Sophia, is to expand -- broader customer base in every market that we are in and that's one of the key metrics that our management is evaluating on and it's a key strategy that we deploy. So, we actually are seeing or broadening our customer base in every one of our regions. Less in the Northeast, because we have less collection, certainly therefore more in the South and more in our Canadian operations, but it's clearly fair to say that we are broadening that base in every one of our operations.

SOPHIA TAYLOR: And then the route density part.

KEITH CARRIGAN: Well, we typically are doing it strategically so that we can increase route density. So, effectively we have seen productivity increase in every single line of business that we have on the collection, size of the ledger in every area that we operate.

SOPHIA TAYLOR: Okay, great. Your margin this quarter at 29% EBITDA margin versus about 28.3% last year, I guess just drilling down a lot of improvement seems to come from the US South, we are seeing the biggest jump there. Is there anything noteworthy other than just continuous improvement to be aware of?

KEITH CARRIGAN: No it's just -- it's basically continuous improvement and as we build our model, we have built it from the bottom up. So, you know, clearly you may see, you know, G&As moved if we

expand our sales operations in any given area, any given time the strategic of that, those particular markets during that period of time. So it's really a matching principle that we use as we build our stance from the bottom up, Sophia.

SOPHIA TAYLOR: Okay. We notice ARO was a little bit higher than a year ago and a bit higher than our estimate. Is there anything we should be aware of there in terms of potentially higher run rate?

THOMAS COWEE: Good morning Sophia. Now, I think, you know, from time to time we have adjustments to those calculations and last years had some historical adjustments run through it as we all noticed and those were lower than 2005, I think, we should expect them more normalized ARO this year in 2007.

SOPHIA TAYLOR: Okay, that's helpful. Thank you very much.

KEITH CARRIGAN: Thank you.

OPERATOR: Your next question comes from Nav Malik of Scotia Capital. Please go ahead.

NAV MALIK: Yeah, thanks, good morning. Just a little bit more color on the organic growth side, it sounds like pricing was strong this quarter. I am just wondering if you could may be let us know what's driving the strong pricing?

KEITH CARRIGAN: You know, I would suggest to you that pricing really has – we have seen, it's been this way for a number of years quite frankly. When we can price through to the generator ways (Ph), in other words from our

collection operations where we are seeing our customers being receptors to moderate pricing strategy. As we pass through from our landfills particularly to third parties, there is a little more resistance and particularly to those where we have long distance transfers and it's a little more resistance to pricing. However, again that's – pricing for us is a tool as you well know, Nav, and we use that tool really to drive the volume and generate more productivity in our routes which then generates a better return on capital and that's really the focus of our strategies.

NAV MALIK: Okay. And I guess strength that you feel although aside from something you noted there, but you do foresee that sort of being the case going forward as well?

KEITH CARRIGAN: Well, we do.

NAV MALIK: Yeah.

KEITH CARRIGAN: Again, we are seeing very, you know, moderate resistance from the generator...

NAV MALIK: Yeah.

KEITH CARRIGAN: And we don't anticipate that that's going to change. I believe that as indicated from recent studies in the – that we are hearing about in the US we believe that all those studies are projecting a bullish market growth over the next – over the next three years assuming the economy also.

NAV MALIK: Yeah. Was there any impact on your volumes in the south region, particularly from lower like construction activity?

KEITH CARRIGAN: Very moderate. So it's very difficult to say, because last year we had a little bit of benefit with – as a result of the hurricanes, but we are seeing continued growth, C&D growth, strong in the Texas regions and that continues to be strong and Canada has had no adjustment whatsoever.

NAV MALIK: Okay. And I am not sure, do you disclosed your internalization rate as a quarter or just on an annual basis?

THOMAS COWEE: Just on an annual basis, Nav, (multiple speakers) area.

NAV MALIK: Okay. I am also just wondering on the platform acquisitions on that side or that avenue of growth potential. Is there any update on any progress here or that you like to sort of comment on or...

KEITH CARRIGAN: You know, as you know, we reset our balance sheet recently through the raising \$93 million. We expect that we will be using our balance sheet to – for increase growth by acquisition. Our people are out there today and we expect that there will be an ongoing acquisition strategy going forward well into the future.

NAV MALIK: Okay, thanks very much.

KEITH CARRIGAN: You're welcome.

OPERATOR: Your next question comes from Walter Spracklin of RBC Capital Markets. Please go ahead.

WALTER SPRACKLIN: Thanks very much. Good morning.

KEITH CARRIGAN: Good morning Walt.

THOMAS COWEE: Good morning.

WALTER SPRACKLIN: Just on the – I want to go over to Calgary and look at Buffalo Plains Project that you have going on and just looking at -- and the capacity that one has compared to Calgary, I am wondering is there – am I reading that right that there is about 500,000 tonne of capacity versus 650,000 for Calgary and how, you know, where is that, if that short fall is correct what you are going to do to sort of account for the difference or the discrepancy there?

KEITH CARRIGAN: No I don't think those are the numbers. We will have -- the new Calgary site we have set on first run will have an excess of 18 years of capacity on today's volumes. And so – and we believe that we will on the existing site several more years and I won't give you the exact years because there is a little bit negotiation going on right now, but several more years related to the existing Calgary site.

WALTER SPRACKLIN: Okay, okay I understood. The expenditures that you are making on that particular facility, will that go into growth CapEx or maintenance CapEx?

KEITH CARRIGAN: Are you talking about the new?

WALTER SPRACKLIN: Yes, the new facility.

KEITH CARRIGAN: Well, you know, cost related directly to development will, for the time being, will go into deferred cost and then we will move them over assuming we are successful with the site. Tom, you want to...

THOMAS COWEE: Yeah, what we do on all – all national costs always as we – we first move them into growth capital and on a per tonne basis over the lighter (Ph) landfill charge equal portion for each tonne acceptance. So as we go to life of the landfill every dollar that landfill will actually be charged maintenance capital, but unfortunately since cash value in landfill can be lumpy, we try to exclude it out on a per tonne basis.

WALTER SPRACKLIN: Okay, so where – and where will I capture that in -- so that will be in a deferred cost line on your balance sheet, I assume?

THOMAS COWEE: For the time being it's very hefty permit and you put it into deferred costs.

WALTER SPRACKLIN: Okay. And is there going to be a need to – or again you are excluding your \$93 million equity issue, will you be needing extra capital for whatever reason associated with this project given that you are looking at your - reloading your balance sheet for acquisitions, not related obviously to the Buffalo Plant?

THOMAS COWEE: We intend to fund the Calgary landfill for just free cash flow rate.

WALTER SPRACKLIN: Okay. That's it for that, thanks for the caller on that. The second lot of question is on the capacity for acquisitions and Tom I believe you had mentioned that, you know, some of the debt levels that you are coming up against was part of the reason for the \$93 million. I am wondering will you be looking to go back to the banks to get some more flexibility on that given that, you know, currently you're using the \$93 million now to reload for

acquisitions or is there going to be less available for acquisitions if you have to – if you don't change your debt covenant?

THOMAS COWEE: Well, the debt market is very active right now, very positive for businesses, we always have that option to go back and we look at the debt covenants in both our credit facilities as needed and we are absolutely having it on a piece of paper if it is some point to do if we need to and as part of our strategy if it's necessary, if it's not necessary, then we won't do it...

WALTER SPRACKLIN: So, can you give us...

THOMAS COWEE: Obviously, we have begin, there's a lot of difference (Ph) for the time being.

WALTER SPRACKLIN: Sure. If you had a number of looking at, you know, given the flexibility you might be able to achieve, what number would you look at in terms of capacity for acquisitions, is it you know, the \$100 million or is just \$100 million you raised or is there more capacity than that?

THOMAS COWEE: Well, again, we have the ability if we search years ago and renegotiate some of our debt covenants for that credit facilities and we have the ability obviously to upside credit facilities further, but I would rather not really get into the exact amount, because I don't know what historically look out since we would get with some of these acquisitions. So, it would be clear continue to increase as you buy confidence and get historical EBITDA adjustments. So it's really hard to specifically say; hey, we have this amount (Ph) plus another X, because, you know, it's somewhat foolish (Ph) to try to do

acquisition and get historical EBITDA adjustments in those deals through the banks.

WALTER SPRACKLIN: Okay, now that makes sense. Thanks very much guys, it's great quarter.

KEITH CARRIGAN: Alright, thank you.

OPERATOR: Your next question comes from John Grandy of Westwind Partners. Please go ahead.

JOHN GRANDY: Thanks, good morning. Couple of quick questions. All of the numbers in this quarter were excellent except one that concerned me a little was the income tax provision which moved up. I wonder if you could talk a little bit about that, whether that's a trend we should start to continue for the rest of the year.

THOMAS COWEE: Good morning John. Income taxes tend to be lumpy in quarters, there's nothing significantly different year-over-year except the State of Texas last year eliminated lot of the tax structures and allowed corporations like ourselves avoid paying taxes in the same weighted most companies down there just set up one such partnerships to avoid that. There is about a million dollar impact year-over-year related to that and other than that it's completely fairly similar to prior year's numbers.

JOHN GRANDY: Okay, excellent, it's helpful. Secondly, I wonder if there is any update on what's going on in New York city in terms of price cuts, if there is any further action by the city in that?

THOMAS COWEE: Well, Mickey will address that question. Mickey?

MICKEY FLOOD: We continue to move our strategies for a productivity intensity in New York city and we continue to do that through the Allied acquisition. We are constantly, both through our company efforts and through the industry efforts, pursuing a relief on the price cuts. The city actually has gone up for an RFP for consultant. We will be working diligently with them. We are disappointed with the bureaucracy that exists around the city...

JOHN GRANDY: Yeah.

MICKEY FLOOD: But quite frankly we are optimistic with the – of the outcome.

JOHN GRANDY: Any idea on timing, Mickey, for that?

MICKEY FLOOD: I would not speculate on that, our strategies are working well and we are internalizing the majority -- if not all the waste coming out of the city to our landfills. So, it does work well on an overall basis.

JOHN GRANDY: Good. And one final question. Based on, you know, what seems to be the trendline in Q1, you should be well below your targeted payout ratio for the full year with the current distribution. So, my question is at what point would you consider raising distributions or is that something that you don't expect to do this year?

THOMAS COWEE: Well, it's typically we watch what's occurring over the first half of the year, John, and then our Board will make decision and they are making decisions over a number of factors; obviously performance looks fast and looking forward in addition to that, you know, we have a new one we are looking at the markets today and determining what is going to be the best and most effective use of capital going forward. So, no decisions will typically be reviewed at the combination of the first half of the year and then our Board will make a decision. So it's – it's really just too early to say.

JOHN GRANDY: So, second half of year?

THOMAS COWEE: You are right.

JOHN GRANDY: Okay. Thank you very much.

THOMAS COWEE: Yes, welcome.

OPERATOR: Your next question comes from Avi Dalfen of Blackmont Capital. Please go ahead.

AVI DALFEN: Thank you. Each of the industry participants are talking about stronger pricing that we are seeing, you know, really across North American and I was just wondering if you can comment on what the key drivers are to that whether you see that continuing over the course of the next year or two?

KEITH CARRIGAN: I think I addressed it earlier, Avi, but we see that there is a not a lot of pushback as we moderately price our customer base, you

know, one of the principle aspects of our business that makes it work is effective for every asset we have a lot of customers, so you know, it's not (technical difficulty) price increase results and a lot of accretion on a per asset basis. So, we see the ability -- we have seen the ability actually for a number of years to moderately price increase those customers on a year-over-year basis, we have not seen that change so...

AVI DALFEN: Is any of that driven by landfill costs or shipping costs of is it disciplined amongst all the participants?

KEITH CARRIGAN: Well, I think it's certainly a combination. Clearly waste management in the US has initiated a landfill price increasing which then is typically pass through, that has not occurred in all of their landfills I might add, only in selective landfills, and then there is obviously the pass through back to the customer basis as subway. We have typically been doing the same thing and we have seen prices increase at our landfills that we have been able to pass through to our unit (Ph) customer base and where there has been some pushback is when we get to long haul operators who are absorbing additional cost to transfer waste further distance and there is more -- a little more pushback as you get to dealing with those types of customers.

AVI DALFEN: But, I guess like what I am trying to understand may be from a longer-term perspective is as landfill tipping cost wise across North America because of the supply demanding belt, aren't we likely to see a longer-term trend of higher pricing for that service?

KEITH CARRIGAN: I think you will. I think that's first statement and I believe that that's what you will see over the next few years subject to the economy moving up.

AVI DALFEN: But my other question had to do with just your maintenance CapEx line. The percentage increase Q1 '07 over Q1 '06 was, you know, well in excess of your overall growth rate. I am just wondering if you could talk about, you know, why like – what's going on the maintenance line – on the maintenance CapEx line that would be responsible for that?

THOMAS COWEE: I think a lot of which this is timing, Avi, that we sit down and number of year into our budgets and some years it's mortgage, different quarters trucks or containers or et cetera that moves around a little bit, every year there is also some adjustment to the landfill rates or additional costs that we have seen landfill increases which makes line of constructions and adjust our numbers upward as well, but again when we sit down and come up with what we think we are going to do maintenance capital for the year and we disclose that out and just because it's a little higher first quarter than last year, the numbers that we are projected for the year increase the numbers that we expect to be in those ranges for the year.

KEITH CARRIGAN: And, Avi, on a long-term basis if you look at our projected maintenance capital, we have always hit those numbers. If you look at that as percentage of EBITDA that percentages remain relatively consistent on a year-over-year basis.

AVI DALFEN: Thank you.

KEITH CARRIGAN: You are welcome.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time please press star key followed by the one. As a reminder if you are using a speakerphone, please lift the handset before pressing any keys. Your next question is a follow-up question from Sophia Taylor of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Just a couple of quick follow-ups. I guess with all of the changes to your credit facilities and what not, could you please tell us if there have been any changes to your debt covenants or your internal, I guess, maximum in terms of net debt to EBITDA?

THOMAS COWEE: Sophia, no we have not changed any of covenant, they are still the same as what it was in the credit facilities.

SOPHIA TAYLOR: Okay. And then in terms of an overall net debt to EBITDA, is there a threshold that you just don't want to go over?

THOMAS COWEE: You know, we continue to monitor that very closely and historically we always said we like to stay in the lower 2s, you know, with the change of rules they are almost putting though, you know, we have to be able to consistently execute our acquisition strategy and we will have to monitor that going forward as to whether, you know, the low 2s stays that would be where it will stay or we will have to time to time lever up some to get an acquisition done. We have experience, so we really are committed, no idea what we would do.

SOPHIA TAYLOR: Okay, so no maximum at this time, I guess or?

KEITH CARRIGAN: I would just answer add to that, that we are really looking for total flexibility today, Sophia, so you know, clearly we have absolute flexibility in our balance sheet at this stage and we believe that this flexibility in the markets had the stage show. We will monitor each one at the point that we will need an adjustment and will make a decision whether we increase our debt capacities or we will go to market.

SOPHIA TAYLOR: Okay. Okay, great. On the growth CapEx, I mean, can you give us guidance for maintenance CapEx and there is – I don't think you do for growth CapEx, so wondering just generally are we expecting an amount this year that is significantly different from what it was in '06?

KEITH CARRIGAN: You know, I wouldn't say so and I will put a subject to that and that is that clearly there are government bids that come up on the, you know, on a year-over-year basis and obviously on some of those we are successful and when we are successful they usually require significant capital and that's a good thing for us when we are successful on those bids. So, subject to significant government bids I would suggest to you that growth capital would be in the same neighborhood.

SOPHIA TAYLOR: Okay. And those government bids would fall into your three to five year expected payback timing?

KEITH CARRIGAN: That's right.

SOPHIA TAYLOR: Okay, perfect. And then finally just on the normal course issuer bid, nothing exercised to date, could you update us as to what the plans are there?

THOMAS COWEE: Nothing has been exercised to date and if you are aware (Ph) the stock prices moved up as apposed to moving down, so you know, right now we have to bid them out there, we will continue to leave it out there, but you know, we have no plans currently to buy any stock at the moment at the stock trade level.

SOPHIA TAYLOR: Okay, that's it from me. Thank you.

KEITH CARRIGAN: Thank you Sophia.

OPERATOR: Your next question comes from Leone Young of Citigroup. Please go ahead.

LEONE YOUNG: Yes, good morning. Congratulations on a nice quarter.

KEITH CARRIGAN: Good morning Leone.

THOMAS COWEE: Good morning, Leone.

LEONE YOUNG: You talked a little bit about waste management providing some leadership, any commentary on how the other majors in the US are acting, and then of course in Canada as well, as well as behavior you see from the independents again back to the percent, you know, price discipline question?

KEITH CARRIGAN: Well, I think clearly again I would say, Leone, that certainly by size waste management has been leading. We have been consistent, however I will tell you in seven years, and pricing both from our landfills and to our collection companies in all of our markets, but we are not seeing a lot of -- as I mentioned earlier, we are not seeing a lot of pushback. We are clearly seeing in the US Allied, you know, more -- much more aggressive with pricing than they have been and certainly republic in the markets so that we operate with them as well. As far as privates, I think it's been typical in my experience in 30 odd years in the industry that typically the privates who will watch what the majors are doing and then they will follow step. You know, certainly we can't put a blanket over that statement because there are those who will follow their own path, but typically we will see the privates follow the reaction of the major corporations.

LEONE YOUNG: Terrific, thank you.

KEITH CARRIGAN: You are welcome.

OPERATOR: Again ladies and gentlemen, if there are any additional questions at this time, please press the star key followed by the one. As a reminder if you are using a speakerphone, please lift the handset before pressing any keys. Gentlemen, there are no further questions at this time. Please continue.

KEITH CARRIGAN (VICE CHAIRMAN AND CEO): Well ladies and gentlemen, I like to thank you for participating on the call today, most importantly I would like to thank our greater than 3,000 employees for the continued success and good work that they have achieved over this last quarter and to thank them for our expectation that they will continue that work going forward. So once again, thank you very much and we look forward to hearing from you on our next quarterly report. Thank you and have a good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating, you may now disconnect your lines.
