



**BFI CANADA INCOME FUND**

**SECOND QUARTER 2007**

**CONFERENCE CALL**

**AUGUST 8, 2007**

OPERATOR: Good morning ladies and gentlemen, and thank you for standing by. Welcome to the BFI Canada Income Fund Second 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, August 8th, 2007 at 8:30 a.m. Eastern Time. I 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 and Tom Cowee, Vice President and Chief Financial Officer who will both be providing comments on the company's performance in the three and six months ended June 30th, 2007. Also on the call are Mickey Flood, President and Joe Quarin, Executive Vice President and Canadian Chief Operating Officer who both 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 company'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](http://www.bficanada.com) for a copy. A telephone replay of this conference will be available until midnight on August 22nd at 416-640-1917 or 1-877-289-8525, reservation number 21241099; these details are available in the news release. I would now like to turn the call over to Keith Carrigan, Vice Chairman and CEO.

KEITH CARRIGAN (VICE CHAIRMAN AND CEO): Thank you and welcome everyone. As you might expect, we are extremely pleased with the results of our second quarter. We delivered a strong performance on all of our key measures as we continue to grow our core business and clearly benefited from the contributions of tuck-in acquisitions. We believe that we are in a position in our markets to benefit from the strong pricing climate that has been observed throughout the sector.

I will begin today's discussion with some highlights of our performance in the quarter and in the first half of the year, I will then provide some additional color around our position on distributions to unitholders and the Fund's current structure, both of which were mentioned in our press release issued yesterday. After my comments, Tom Cowee will give a more detailed review of our financial results.

So, starting with our revenue performance in the quarter. Our total consolidated revenues increased 17.1% to \$225.5 million. In the first half of 2007, revenues increased 15.2% to \$427.8 million. Given that revenues are generally higher in the second half due to higher collection and disposal of waste, we believe that we are clearly on track for a strong fiscal performance for the balance of the year. We have achieved this growth despite the impact of the foreign currency exchange rate between Canada and US, which impacts the translated value of the Fund's US operating results to Canadian dollars. Tom will provide some additional detail and

the impact of the foreign exchange rate in his comments. But I would like to note that excluding the impact of foreign currency translation, total consolidated revenue growth was 18.5% in the quarter and 15.4% year-to-date. We can attribute about two-thirds of the revenue increase in the quarter to continued organic growth and the balance to acquisitions.

Organic revenues, excluding acquisitions, fuel and environmental surcharges and foreign fee currency translation, grew by 15.6% in Canada and 8.5% in the US in the second quarter. Both for the first half of 2007 organic revenues grew by 12.8% in Canada and 6.6% in the US. In both our Canadian and US operations, we are finding many opportunities to build our core business through a combination of price and volume strategies. We are adding new customers on our existing routes, expanding our market coverage and where appropriate increasing pricing in those markets. Our organic revenue performance continues to prove that our market focus strategies continue to be effective. We have also been active on the acquisition front. We completed four tuck-in acquisitions in the second quarter adding to the four in the first quarter for aggregate cash consideration of approximately \$30.7 million.

We purchased the shares of one company in the US and acquired various solid waste collection assets of one company in Canada and two more in the US. A large of these acquisitions was a purchase in April of a waste management company in Slidell, Louisiana, which is just north of

New Orleans. The operations which include commercial rollout and residential service provide us with entry into a new market and complement our existing operations in that broader Louisiana area. We look forward to further growth from these assets and expanding our presence in this new market.

Unless for the impact on revenue, acquisitions contributed approximately \$12.6 million to the increase in revenues in the second quarter and approximately \$21.3 million year-to-date. The strong revenue performance then resulted in EBITDA of \$71.4 million in the quarter, an increase 17.7% and \$130.1 million year-to-date also an increase of 17%. If we exclude the effects of FX, EBITDA increased 18.9% in the quarter and 17.2% year-to-date. This in turn has driven free cash flow available for distribution to \$39.8 million in the quarter, an increase of 19.6% and \$72.9 million year-to-date, an increase of 14.2%. On a per unit basis, free cash flow available for distribution was \$0.58 in the second quarter compared with \$0.51 in the same quarter last year. Our declared distributions in the quarter were \$0.46 per unit, \$0.04 higher than one year ago.

So this means that our payout ratio in the second quarter was 78.4%. Even if we were to exclude the effects of the foreign currency hedge we have in place until February 2008, our payout ratio was only 81.2%. Year-to-date, our payout ratio is 83.5% and excluding the hedge it

is 85.7%. Once again, we are below the annual target of 90% that we seek to maintain. This clearly demonstrates that we are comfortably positioned to continue paying distributions at this level.

Now, I am sure that you are aware in prior years we have increased distributions in conjunction with the release of our second quarter results. As we indicated in our press release yesterday, my fellow Trustees and I have decided not to increase distributions to unitholders at this time keeping the Fund's annual distributions unchanged at \$1.818 per trust unit. From a historical prospective, we have provided evidence that the most significant approach to increase total return in BFI Canada is through growth. However we believe that our ability to raise debt and equity in the capital markets to finance our growth strategies may in fact be limited given the tax and investment climate for income trust. We would therefore believe it only prudent to direct our excess free cash flow towards investments and growth and acquisitions which we believe will deliver a more attractive return. This strategy has yielded very positive results for us and as you can see also with this quarter's performance.

We have identified significant acquisition opportunities that may be available to us and we need to be in a position to pursue these in the near term. We have said many times before that we will not let the Fund's current structure hinder the progress of our growth strategy and that we are reviewing all of our options. We are actively working with the Fund's

trustees to review the corporate structure with a committed goal of enhancing total return for our investors.

I would like to emphasize that this review does not have a biased outcome and in fact may not result in any specific action being taken. But it's another step in the process of determining how we can efficiently build our growth strategy and continue to achieve the kind of financial results that we have delivered both this quarter and to date this year. I will now turn the call over to Tom Cowee for further review of those results. Tom?

THOMAS COWEE (CHIEF FINANCIAL OFFICER): Thanks Keith and good morning everyone. I would like to begin with a discussion about foreign exchange. As I know there has been some concern with the impact of currency fluctuations on our business would obscure our financial results in the quarter. I remind everyone that the Fund has a natural currency hedge because capital landfill expenditures, operating and SG&A expenses, interest expense, and cash income taxes originating in the US are all settled in the US currency generated from our US operations.

FX does affect us in the translation of our US operating results into Canadian Dollars. Translation for the second quarter 2007 results was done at an average exchange rate of \$1.098 compared to an average of \$1.122 a year ago and \$1.172 in the first quarter of this year. We continue

to show the impact of our foreign exchange in our MD&A for the quarter and year-to-date including the impact on our cash flow used for distribution in an un-hedged position. Even with the FX impact factored in, second quarter revenues and EBITDA in the US south were 21.8% and 35.5% respectively. Second quarter revenues and EBITDA in the North – US northeast grew 8.8% and 6.8% respectively.

In terms of protecting unitholder distributions we hedged our US originated free cash available for distribution which has allowed us to purchase C\$4.5 million monthly at \$1.22. These hedges expired in February 2008 and given the present FX environment we do not plan – we do not have plans to enter another hedging agreement at this time.

Now let's move to a short review of some of the variances on our income statement. First, operating expenses were 17.6% or \$19.1 million higher in the second quarter compared to last year. Higher disposal, labor, and fuel costs primarily related to the higher collective waste volumes as well as costs to service new and existing customers and acquisitions are the main reasons for the increase.

We have continued to manage our SG&A expenses which increased about 12.8% or just under \$3 million in the second quarter, the increase reflected higher total salaries including long-term incentive plan accruals. Amortization expense increased \$4 million in the second quarter or 11.9%, this was due in large part to acquisitions and acquired growth capital

through 2006 and into 2007. At the end of the quarter, our long-term debt stood at \$506.8 million. In April we closed a 3.565 million trust unit offering and applied the net proceed about \$87.6 million against advances on our US revolving credit facility. Because of this interest expense in the quarter increased only \$300,000.

Looking at our long-term debt facilities at June, we continue to have \$60.8 million available capacity in our Canadian facilities and \$67.5 million of capacities in our US facility. We continue to be conservatively leveraged and on a consolidated basis the Fund's long-term debt to the last 12 months EBITDA ratio is 2.01 times.

Moving along to our capital and landfill expenditures, we are on track for our maintenance expenditure expectation for the year of between C\$18 million and C\$20 million for our Canadian platform and US\$31 million to US\$33 million for our US platform. Our maintenance spending in the second quarter was up 5% to \$18 million and for the year-to-date it was up 13% to \$30.3 million, the increase in the quarter was due to higher spending in the US as a result of our growing business base related to higher volumes at our landfill as well as cost increases.

Growth expenditures in the second quarter totaled \$23.3 million up 2.7% over the same quarter last year and for the year-to-date it was \$33.5 million, about 12% lower than the same period last year. The increase in

the quarter was due to landfill cell development construction in Canada principally at our Lachenaie landfill.

As Keith has already reviewed our top and bottom line that brings me to the end of my prepared remarks, but I would just like to include that we believe that our market-focused growth strategies are continuing to create a lot of value for the business and for investors. With our growth orientation, we are not a typical income trust and it's important that the Fund attains its appropriate value in the capital market and that it retain access to those markets to further our growth.

Thank you for listening and now I would like to ask the operator to open the lines for questions.

#### QUESTION AND ANSWER SESSION:

OPERATOR: 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 are 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: First question I have for you is on organic growth, we were listening to the conference calls some of your peers in the US and have noticed or noted about that pricing continues to be strong and on the C&D waste stream side that volumes, your volumes seem to be trickling down somewhat. I am wondering if you could comment perhaps on what you might be seeing in your business on these two fronts?

KEITH CARRIGAN: You are at the half of two Sophia, you know, as we've mentioned, we are also seeing pricing capability in the majority of our markets. I think quite frankly we tend to use pricing a little bit differently than our peers, but certainly is a tool to drive total return, we have used that tool successfully over the last few years. So, we continue to have that ability to use the tool and we expect to do so going into the future. Having to deal with C&D waste, in Canada we are not seeing any significant reduction in C&D, in the US and particularly in Texas C&D remains fairly strong. We are seeing a little softening in some of the other US states, but not obviously to notice any significant impact.

SOPHIA TAYLOR: Okay. And as a percentage of your EBITDA or – what would C&D waste be or represent?

KEITH CARRIGAN: Well again I'm going to say to you that C&D in total in a robust market is typically about 10% of the total waste stream. So, you know, clearly if we have market share and typically on an EBITDA basis C&D typically will not produce the same market as some of our other lines of business. So in this company you would not see C&D having a material effect.

SOPHIA TAYLOR: Okay, great. Just back to the pricing for a moment, I guess in terms of the outlook, is there any on the horizon that you can comment on in terms of positive or negative; what do you see as being the major driver I suppose for – for pricing going one way or another?

KEITH CARRIGAN: Well, you know, I would – this would be, you know, obviously strictly speculative in the nature, I think clearly the economy is driving the pricing capabilities, there is no doubt about it and some of the other companies are looking at a more effective use of assets and when one applies that principle of looking at assets and applying price to apposed to acquiring new volume, they will chose price over volume. And so clearly I believe that we have been seeing some of that in the marketplace that price has been the thrust as opposed to volume.

SOPHIA TAYLOR: Okay, great. Your tax – current tax value in the quarter seems to have come up quite a bit. I am wondering if – if we could

perhaps just get a bit of an explanation there possible and some sort of comment as to what I guess the run rate could be going forward, please?

THOMAS COWEE: Good morning Sophia. Our tax number was a little bit higher in the second quarter, we did have some nonrecurring items in there coming of the first half of the year which was approximately half of that number and the rest of it's pretty much ongoing. We had some tax increases in Texas this past year where they fixed the way they were taxing incorporations in the state and so that has impacted us a little and will continue to impact us going forward.

SOPHIA TAYLOR: Okay. Are there any large carry-forwards that we should be aware of that are close to expiry or maturity?

THOMAS COWEE: Well, of course it is defined by multiple people different ways, but not this year, we still have loss carried forwards both in the Canadian and US operations and we will continue to utilize this, but the taxes I was talking about in the US are State level and are not part of this tax loss carry-forwards.

JOE QUARIN: Sophia, the only thing with that is the number is now starting to migrate towards what we had as a normalized number that was in our prospectus of about \$7 million. So, we are going to probably see in that 5 to 7 range which is what we have thought normalized number was to get the IESI deal.

SOPHIA TAYLOR: Okay, great. Last question I have and then I will line up again, but I was just wondering about Calgary if we could possibly get an update on – on I guess the existing landfill, how much time will have left there, and what the progress has been to date on – on the replacement landfill?

JOE QUARIN: Okay, thanks. On the Calgary, both landfills, first on the existing landfill, we are actually working to get an extension on the time limit for that landfill, basically it's volume based and charged with contours that we need to achieve there and everything is going well. We are expecting that landfill to have a life through some time 2010, it's not – hasn't been finalized yet, but we are quite encouraged with the progress we are making there. In terms of the new site that we are working on, we are working with the county, we are working to emendate county by law that that was in their interest basically to allow part of the landfills everywhere. At this time we are continuing to work and are quite encouraged with the opportunity we have there, but we are in the middle of a municipal election cycle right now. So, we are basically going to be just sit still and then we will pick it up again later in the year. But we are quite encouraged and quite positive with our ability to find an option there.

SOPHIA TAYLOR: Okay, great. And could we please get a reminder perhaps just the magnitude of the Calgary landfill contribution somehow?

THOMAS COWEE: We don't disclose individual contributions, I guess I can say it's not material individually, I mean, given the increased size of the company Calgary is, you know, not material in any way.

SOPHIA TAYLOR: Okay. Thanks very much.

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

WALTER SPRACKLIN: Thanks very much. Just on the pricing environment, you had mentioned that you use pricing differently, Keith, what did you mean versus you peers, how you use pricing to drive total returns differently?

KEITH CARRIGAN: Well, you know, as I have often mentioned, what we really look to drive is our return against every asset and that return may come through the addition of new volume converted to productivity. So – so in fact we may in fact be lowering price to attract new volume to convert to productivity which in turn will drive a higher return and we anticipate in most cases higher than that price might be in that particular market and then in another year we may go back and price that new business again.

WALTER SPRACKLIN: So, that way you are discounting pricing in certain areas in order to drive volume?

KEITH CARRIGAN: We are on a different strategy and that's really our market-focused strategies, we look at every market and we look and say what is the best opportunity in this market in terms of a given strategy to drive the best total return against the assets in that market.

WALTER SPRACKLIN: Okay. Next question is on your comments with regards to your payout ratio and the decision to hold back cash. Looking obviously at your growth and maintenance together and then you're adding your trending (Ph) to what I guess, \$40 million in acquisitions this year, is – using up cash to the extent that now you're saying that you are going to not increase your distributions. What is that implying in terms of what you look at now as your payout ratio or your target payout ratio, because, you know, if you are not increasing distributions, it's not 90% anymore?

KEITH CARRIGAN: Well, we have not paced our opinion in terms of exceeding or cutting into the 90% payout ratio, we have not had any of those discussions at the Board level whatsoever. So, you can assume that 90% continues to be the – if you would like to not to exceed target. Having said that, you know, clearly as you can see, we are well below that 90% target and, you know, reflectively looking at the acquisitions and the value of acquisitions math would dictate that we will generate a better total return at this stage acquire – using capital to acquire new businesses in the industry. In addition that, I would couple it with saying that the capital equity markets rate now certainly raise

concern as a results to the depth of the markets. And so, once again we feel that the hedge or the better use of capital would be to sustain that or to hold it inside the company and use it for these growth opportunities that we feel that we have on them.

WALTER SPRACKLIN: Okay. So, if you look at your cash flow you are generating right now, you are going to be increasing distributions anymore, you are going to be spending \$40 million on growth and – sorry on acquisition, \$75 million on growth, that sort of gives me about \$40 million to \$50 million you are going to need every year. Is that going to come out of, you know, given that you are not going to be taping equity markets anymore, how much can you go, how long can you go before you go uncomfortable with your debt level?

KEITH CARRIGAN: Well, let me just two things that, this is a review that we have done today, and so we are looking at the capital equity markets today and we have made the decisions today. That's not to say that we will not be continuing to review our policy of cash distributions, the reason that we announce it today is that consistently every year we have raised distributions at this time. So, we felt that it was appropriate to make an announcement at this time, Walter, to indicate that we will not be doing it for this reason. Again, I will reiterate that that does not mean that we will not continue to review this policy going forward.

WALTER SPRACKLIN: Okay, let's say the equity markets or debt market stay the same over the next couple of years, at what level are you no longer comfortable with your debt level?

KEITH CARRIGAN: Well, again, we will review that going forward. Right now, we are obviously very comfortable with the ratio, we are certainly at about two times leverage right now. We feel that we have some – an opportunity to raise that leverage and that was certainly one of the reasons that we paid down the leverage, we looked at loading up in the event that there is no debt in the capital market. So, clearly we feel that we are well positioned both in terms now of having some additional capital available to us, working capital if you would like, and the ability to leverage our balance sheet some more as well.

WALTER SPRACKLIN: Okay. Last question, for Tom, your drop in goodwill, was there a write-off from there?

THOMAS COWEE: No, that's primarily the impact in the quarter on the FX, Walter.

WALTER SPRACKLIN: Okay. Alright, that's it from me. Thanks.

THOMAS COWEE: Okay. Thanks Walter.

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

NAV MALIK: Yeah, thank you, good morning.

THOMAS COWEE: Good morning Nav.

NAV MALIK: Just wondering on the organic growth, you are getting back to the organic growth, it was particularly high in Canada this quarter; was there anything out of the ordinary?

KEITH CARRIGAN: We consistently been double digit in Canada and I would say to you that it really is just related to our strategies that we are using in the market and we have in all of our regions, we are consistently at this stage double digit.

NAV MALIK: Okay, so there was nothing you wouldn't say it because it was stronger this quarter or could be some weakness in Q3 or something like that?

KEITH CARRIGAN: I don't believe so.

NAV MALIK: Okay. And in some of your stronger area, I mean, again your organic growth is well above your peers, I am just wondering if you are seeing any sort of increased competition in some of your stronger areas given your performance?

KEITH CARRIGAN: Nav, I think we have seen this competition as really remain consistent with what they have been announcing and that is, you know, sensitivity to price increase. And so, you know, clearly price is succeeding volume at this stage in most of the markets that we are competing against. So, we have been a fairly consistent performance related to our competition.

NAV MALIK: Okay. And I just wanted to talk about the acquisition that you did in Louisiana. What that multiples paid there were consistent with other tuck-ins like around the four to seven times range or...?

KEITH CARRIGAN: Well, again, we don't discuss individual acquisitions and again, once again, because we continue to acquire and from a competitive basis it doesn't do us any good when we discuss...

NAV MALIK: Okay.

KEITH CARRIGAN: Having said that, we are obviously very pleased, this puts us in the market that is larger market and certainly in those larger markets where we have enough density, and that's the other issue we were pleased with, but this acquisition is that we acquired density as well which then gives us in a favorable disposal rate, which then gives us the ability to execute our market-focused strategies inside that market. So, clearly we will be ready and we have high expectations for significant growth inside that market.

MICKEY FLOOD: I would then add that we have acquired a very strong management team as well and we have acquired some very good strategic assets that we will develop going forward.

NAV MALIK: Okay. And, I guess, from the density comment, you are saying there are some synergies then with some of your existing assets in that area?

KEITH CARRIGAN: No, we don't have synergies and that's clearly why we look, we look to acquire the density which then gives us more flexibility in the execution of various strategies that we can ride inside the marketplace in terms of, for example, using price effectively to attract volume or the ability just to price and get a significant lift in that price. So, we have various options that we can use, which in turn will drive better results as a result of those options.

NAV MALIK: Okay. And then just lastly, I am wondering if you could comment on – I know you did make some comments in your remarks, but just may be you can further color on platform acquisition opportunities, I mean, those are ongoing, is there anything that you want to add on that or...?

KEITH CARRIGAN: Well, you know, as I mentioned in the past, we have a very active M&A group and they are out there today, they are everyday. So, you can anticipate that we will continue to be active in this marketplace going forward and, you know, I can't say anymore specifically about acquisitions, but I believe that you will see more coming forward.

NAV MALIK: Okay. Thanks very much.

OPERATOR: Your next question comes from Aleem Israel of Cormark Securities. Please go ahead.

ALEEM ISRAEL: Hey, good morning.

KEITH CARRIGAN: Good morning Aleem.

ALEEM ISRAEL: Just the first question just going back to your – your acquisitions. So you had the one in Slidell, one in Canada and the other two in the US; where they in the north or south?

MICKEY FLOOD: The other two were in the south, one was in East Texas and the other one was in Louisiana, Aleem.

ALEEM ISRAEL: Okay. And then next question, any new contract wins in your three segments that you can talk about, say over three or four months?

KEITH CARRIGAN: Once, you know, nothing that we would say is material, we are finding that we are being successful in bidding particularly in residential type business. We are enjoying a great deal of success; we had a couple certainly in the south that we have been successful acquiring. And so, I anticipate once again that that we will continue to find success in those areas.

ALEEM ISRAEL: Okay. I know in the past and even say we recycling is very, very, very small piece of your business. Do you see the dynamics of that business changing in terms of the returns on capital potentially improving in some of those businesses and that opportunity for you?

KEITH CARRIGAN: Well, you know, I don't think we have ever said the return on capital is not good in the recycling business, quite frankly in some of our lines of business where we do deploy recycling we do, do well. We do have a good return on capital, I think again it really is subject to the market and we said subject to the local government and their policies as it relates to recycling. So, I think – looking forward that we will see more recycling activities and it will become much more of an integral portion of our business and particularly as it translates to the more regionality that we are seeing with landfills and further distances that waste will tend to go, I think inherently that produces financial incentive to recycle and so as a result I believe that you will see more from our company as well as our major competitors to continue a trend to more recycling.

ALEEM ISRAEL: Okay. And then, just talking about the distributions I don't think it is from – if you do move to, say, a permanent lower level of pay ratios there, any implication on your cash access?

KEITH CARRIGAN: We have had - let me just make it clear, we have had no discussions with our board to reduce our payout, to reduce our distributions. As far as payout ratio is concerned once again we looked at where we were today, we looked at the most effective use of capital today and we have applied the most - that to a decision today and that was to not increase distributions. We anticipate as time goes go on we will continue to look at our policy and we will make decisions at that stage.

THOMAS COWEE: Aleem, I'll just add, distributions the only, I guess the only tax shelter yet, but making distributions is actually paying interest on the notes that flow over the Fund. So our distributions continue to be paid, there is absolutely no impact on taxes the rest of distributions will be funded through dividends so you paying tax anyways.

ALEEM ISRAEL: And just going back to the leverage side of things, you are two times now, if I look at your comps, they're generally kind of maintaining a ratio of two and a half to three times; is that kind of a longer term target reach?

KEITH CARRIGAN: Well, we don't, we really don't set a target, you know, we strategically look at our balance sheet. We strategically look at the best way to fund acquisitions and we look at you know, what then will be the future of that acquisition in terms of de-leveraging after we acquire the acquisition. But we really trying to a look a longer term strategy as apposed to short-term strategy, the longer term strategy would dictate down that the leverage as it always has with us will move up and then it will move down once these acquisitions become accretive and applied more towards the leverage ratio.

So, really we are always looking the balance sheet, we are looking at the acquisitions at that time, and we will apply the best use to capital whether it be through leverages, whether it be through equity to acquire that particular acquisition, and then obviously we are looking to, you know,

eventually maintain a ratio that is probably consistent more with the industry, you are correct.

ALEEM ISRAEL: Okay. And then last question. Over the last year, you have mentioned that some of the M&A multiples have been moving up because you are seeing more competition out there from private equity, now that we've got obviously some difficulty in the debt markets, are you seeing more opportunity in the form of less competition for these deals?

KEITH CARRIGAN: Well, you know, that happened about two weeks ago. So it's probably a little too early. I think the – one would expect that with leverage – the ability to leverage these deals which is not going to create the opportunities for as much spread with the private equity that that in fact it will have an affect in terms of pricing on particular and more particular on platform type deals. We've never really have seen significant increase in value and tuck-ins but, so one would suspect that we will see some impact, but I think it's probably too early to say that we've seen it at this stage.

ALEEM ISRAEL: Okay. Thanks.

KEITH CARRIGAN: You are welcome.

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

JOHN GRANDY: Thanks, good morning. Most of my questions have been answered. Just wondering if you get an update on New York City and discussions with the municipal government there about pricing policy?

MICKEY FLOOD: We are very active in New York City relative to the pricing as you know, John, quite frankly we are into the use of our leverage, volume, and density. Pricing has not been a significant opportunity, although there is some room and we have moved pricing up. I think quite frankly as time goes by, the city will have to realize that without having the opportunity to raise pricing, the competition there is going to exceed their ability to pick up this work and do so within the confines of the restructure they established.

JOHN GRANDY: Great. So there is – hopefully that will lead to some pressure. Larger question relating to municipal business overall with the focus on – increasing focus on the use of recycling, are you seeing a slowdown in the growth of volumes coming from municipal waste, and it historically is going to fairly consistent grade, no wondering whether you are starting to see slowdown?

KEITH CARRIGAN: Our observation in fact has been that there has been an increase. And really, quite frankly, two things I think would apply there, first of all we have, you know, pretty good economy we are all working in, which typically will result more waste and in addition to that we

are seeing growth in the majority of the markets that we operate in, and that's – growth by population. So, when you apply both of those then clearly one would expect that you will find both two things; more waste volume and more recycling volume, John.

JOHN GRANDY: Great. Okay, thanks very much.

KEITH CARRIGAN: You are welcome.

OPERATOR: 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. Your next question comes from Lisa McDonald of James Richardson. Please go ahead.

LISA MCDONALD: Good morning. I wonder if you could comment on the margins for the land filled portion of your business and compare those margins in the US and Canada?

KEITH CARRIGAN: We don't report, Lisa, specific lines of business inside the company and again, you know, we use those – you know, we use our assets really in combination appose to individual. So, quite frankly even if we were to report them to you, you would find that they vary in every market, you know, relative to the given strategy so we are deploying in that particular market. But unfortunately we don't report them.

LISA MCDONALD: And you report only there, you know, there's been particular trend or direction?

KEITH CARRIGAN: Towards – as an increase in earnings, is that Lisa?

LISA MCDONALD: Yes.

KEITH CARRIGAN: You know, again I wouldn't say there is – in our company that there is a trend, because quite frankly we utilize assets in combination, so consequently we may look at a given market and say that that we are going to employ a majority of our margins driving out of landfill and in another market it might be absolutely the opposite. So really assets work in combination with each other opposed as individual standalone. So to take a barometer reading of one against another probably wouldn't render useful analytical information that one would want to use.

LISA MCDONALD: Okay. And you commented on the existing landfill in Calgary market, I wonder if you could also comment on the Winnipeg market life of the landfill?

KEITH CARRIGAN: Calgary. In Winnipeg we are in a market with – we compete against the City of Winnipeg, rates have been fairly consistent throughout in Winnipeg and volumes have been fairly consistent as well. So we don't see any particular change in the Winnipeg market at this time.

LISA MCDONALD: And the life of your existing landfill?

KEITH CARRIGAN: The life of the existing landfill has about 38 years left on it.

LISA MCDONALD: Thank you.

KEITH CARRIGAN: You are quite 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. Your next question is a follow-up question from Sophia Taylor of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Just a few follow-up questions on – first on the Louisiana, just wondering what your market share or market position might be at this stage and what you aspire it to be?

KEITH CARRIGAN: Well, you know, for – we do not discuss market share issues but I will tell you that that we have sufficient density again to deploy our strategy, so we are not a minor player in the marketplace in Slidell.

SOPHIA TAYLOR: Who would the major players be?

MICKEY FLOOD: Well, I think all majors are represented in that market, Sophia, Waste is there, Allied is there, I am very pleased though

with the way that we have grown our asset base in that market and we are certainly, you know, players statewide.

SOPHIA TAYLOR: Okay. Continuing on, acquisitions at \$12.6 million in contribution that we have from acquisitions, could you just clarify, I guess which acquisitions have contributed to that?

KEITH CARRIGAN: Well, again we don't talk about individual companies, Sophia. So you know, that's why we will – we will continue to report, you know, the gross benefit of acquisitions but we don't talk about individual companies.

SOPHIA TAYLOR: Not fair enough, I just meant – I mean are these or is that number representative of acquisitions made over the past 12 months?

KEITH CARRIGAN: Yes, they are. Yes.

SOPHIA TAYLOR: Okay, great. And then finally just to clarify on the hedges, we did hear you clearly Tom that – or did we hear you right whether that as of February '08, that there will be no plans to renew the hedging agreement?

THOMAS COWEE: Not worth it given where the currencies are right now. I don't think there's a strong sentiment within the organization to do anything, we're just going to have to wait it out.

SOPHIA TAYLOR: Okay, but in any way the impact obviously is not too significant on the payout ratio?

THOMAS COWEE: That's correct.

SOPHIA TAYLOR: Okay, great. That's all from me. Thank you.

OPERATOR: Mr. Carrigan, there are no further questions at this time. Please continue.

KEITH CARRIGAN (VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER): Well, ladies and gentlemen, I would like to thank you for joining the call today. I would like to thank you for the support that you have given us through all the years of the company. We continue to feel very, very good about our continuous improvement programs and our market focus strategies and our expectations continue to be very bullish going forward. So once again thank you and we look forward to joining you on our next conference call. Have a good day.

THOMAS COWEE (CHIEF FINANCIAL OFFICER): Thank you.

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

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