



BFI CANADA INCOME FUND

Third Quarter 2006

CONFERENCE CALL

November 7, 2006

OPERATOR: Good morning ladies and gentlemen. Thank you for standing by. Welcome to the Third Quarter Results and Business Update for BFI. At this time all participants are in a listen-only mode. Following the presentation, we will conduct a 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 star zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Tuesday, November 7, 2006, at 8:30 a.m.

I will now turn the conference over to Bill Chyfetz, Vice President, General Counsel. Please go ahead.

WILLIAM CHYFETZ (VICE PRESIDENT, GENERAL COUNSEL):
Thank you for joining us today. On the call today is Keith Carrigan, Vice Chairman and Chief Executive Officer of BFI Canada who will discuss the Fund's operational highlights for the third quarter of fiscal 2006; Tom

Cowee, Chief Financial Officer, will then review the third quarter financial performance for the Fund. Also on the call today are Mickey Flood, President of BFI Canada and Joe Quarin, Executive Vice President and Canadian COO 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 today'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 have 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 November 14 at 1-877-289-8525, reservation number 21207288. 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.

KEITH CARRIGAN (VICE CHAIRMAN AND CEO OF BFI CANADA): Thank you Bill. And good morning everyone and welcome to our call today. Well, I think you will agree, we've been blessed with some very good quarterly results in our history, but by far and away this is the best quarter ever. Against all important performance measures BFI Canada Income Fund has had new benchmarks, and indulge me for a moment and let me mention just a few.

Compared to last year's third quarter, revenue increased 9.4% to a record \$200 million, the first time in fact that we've achieved \$200 million revenue quarter in our history. The closest we have previously come was in the second quarter of this year when revenue was \$192.6 million. EBITDA was \$64.5 million, up 13.1% year-over-year.

Free cash flow available for distribution was \$38.8 million surpassing last year's quarter by 17.7%. On a per unit basis this works out to \$0.59 per unit, \$0.09 or 18% higher than last year's third quarter, and aggregate distributions declared totaled \$29 million, 7.1% higher than a year ago per unit. This equates to \$0.44, up \$0.03 or 7.3% over Q3 of last year. Well, even with the increase in distributions paid, our payout ratio registered

74.8% in the third quarter and 82.4% for the nine months of 2006. This is well below our annual payout ratio target of 90% as we generated substantial cash flow in excess of our distributions.

I should remind you that our trustees increased annualized distributions by 7.1% to an annualized amount of \$1.818 per unit, the fifth increase since the Fund's inception. This decision is obviously supported by our cash flow performance to date. Well, I think you can all agree that this was a good quarter for our business and there were variety of reasons for it which Tom and I will discuss momentarily.

First however, I want to remind you that our objective is continuous improvement. So we see this performance for what it is, one good quarter that raises the bar and quite frankly inspires us to do much, much more. We don't, for one second, believe that this is as good as it gets. We think there are many opportunities for us to continue our advancement and we are aggressively pursuing these to our market focus strategies.

I'll talk about our outlook a little bit later, but now let me provide some insight into the drivers of our third quarter performance. At the top line revenue, as previously indicated, increased significantly year-over-year for a couple of very good reasons. The effect of our market focus strategies and the impact of tuck-in acquisitions benefiting those market focus strategies. These strategies once again allowed us to deliver strong organic growth rates in both Canada and the US as we used our strategic

combinations of assets to influence the determinants of our performance which were volume and price. Just a reminder, we define organic growth as revenue growth net of acquisitions, net of fuel and net of other surcharges. On this basis, our organic rate of growth was 11.6% in the third quarter in Canada and 9.7% in the US.

For the first nine months of 2006, our organic growth rate was 12.2% in Canada and 12% in the US. Based on annual historical industry growth rates of approximately 6%, we take some satisfaction in the tempo our team has established to date this year in all of our market platforms. Our strong revenue growth translated into strong EBITDA growth also. In aggregate, the funds experienced EBITDA growth of 13.1% versus the comparative quarter. Our current EBITDA growth is a combination of Canadian segment growth of \$4.9 million or 20.6%, an aggregate US segment growth of \$2.6 million or 7.7%. If we exclude the effects of FX, US segment EBITDA growth for the quarter was \$5.1 million or 15.3%.

I remind you that there are some seasonality in our business so you should keep in mind that if you are so inclined to forecast our performance for the few – for the – for Q4 that these seasonality issues will prevail through the fourth quarter. You may have noticed that our acquisition strategy has continued also to add value. Over the first six months to 2006 we made 3 tuck-in acquisitions, and in the third quarter we acquired four other businesses; three in Texas and one in Southern Ontario. Aggregate

consideration for these third quarter tuck-in (audio gap). The largest of these acquired business was in fact in Austin, Texas. As a reminder, we find tremendous value from tuck-in purchases which allow us to achieve meaningful hard and soft synergies within existing platforms. We are very pleased with the quality of these businesses and what they will do for us going forward in terms of performance as we apply our management processes and our strategies.

Now let me provide a brief report on growth capital. Growth expenditures to support new customers, new cash flows and the overall advancement of our business over the past year totaled \$20.7 million in the third quarter, up \$8.7 million or 77.8% year-over-year. I think this is a further demonstration of our confidence in our future and the fact that we continue to find and seize opportunities for growth and improvement. Just a reminder, we make these investments expecting a return within three to five years which is highly accretive and these sums cover items such as the purchase of vehicle, containers and compactors to support new contract wins and organic growth.

We've also continued to support the ongoing refreshment of our assets within the maintenance CapEx budget we set at the beginning of the year. You will recall that the time that we expected our Canadian platforms to have maintenance, landfill and capital expenditures are between \$19 million and \$21 million.

Through the first nine months of 2006, we spent \$13.1 million in Canada, so we are running in line with our budget with one quarter to go. In the US, our maintenance CapEx budget for 2006 was \$27 to \$29 million US. For the nine months to September 30, we spent \$24.4 US million of this budget. So once again we are within our targets with one quarter to go. Typically, the fourth quarter in fact is the slowest quarter for maintenance capital expenditures.

So just before I provide our outlook, I do have one additional issue I want to discuss, and that is the federal government's sudden and disappointing action with respect to the taxation of income trust that was taken last week. Like most of you we were stunned by Minister Flaherty's Tax Fairness Plan or might I rather say Tax Unfairness Plan. Not only was there no consultation, there was no fairness certainly that I can see. Trusts which have been a major boon to Canadian investors and option to provide a major structure within the North American financial community and in its supported people – investors of all ages and means has been targeted similarly for penalty based on exaggerated calculations of tax leakage.

Although I think the market's reaction to the announcement also was exaggerated and cooler heads will prevail, this has been a very frustrating and a poorly handled policy announcement. I think we were all working under the assumption as stated by the party and power that there would be

no attack by the federal government. It appears that there's no point in arguing the merits of the trust structure to a government that just isn't listening. So you may ask, what would we intent to do. Fortunately BFI Canada has a strong balance sheet, a good history of generating shareholder return, a proven model and reside in an upwardly mobile sector. These assets provide us with many options. However we will view the market impact on our currency to determine whether we are being valued relative to the strength of our balance sheet, distribution level and our peer group.

As you are all aware, growth is an integral piece of our model and therefore efficient access to capital absolutely remains integral. What I can tell you unequivocally is that we are not changing our business model or in anyway altering our market focus growth and growth by acquisition strategies. What we do and need to do is to ensure them that our currency is not penalized due to our structure.

As BFI Canada Income Fund, our units have been a very potent and effective source of capital for us to employ to drive in our past acquisition program. Based on our current credit profile, we have the means to continue our aggressive pursuit of tuck-in acquisitions and new platforms irrespective of the government's decision.

Ultimately however, we will need to look at ensuring the structure we have gives us the strength we deserve in our currency. We will in fact look

at all of our options. As a successful high growth business in a well established industry populated by many public companies, we have many good options in fact to consider. I want to emphasize that we will do what's in your best interest as our owners and we very much believe we can take whatever action is necessary without further disruption to unitholder value. I would therefore ask you to remain patient but be confident. This is absolutely not a defining moment for BFI Canada.

Now let me conclude my remarks with a brief business outlook. We are on track for a great year and we expect our market focus strategies which have really hit stride this year will result in a positive conclusion to the year. We continue to keep an eye to the US economy and the potential spillover impact of any US downturn on the Ontario manufacturing economy. However to-date, any weakness has not revealed itself within our market. We're also cognizant of the early arrival of winter in certain of our Canadian and US markets although once again this is just something we take in stride at this time of the year. As I have often said before we cannot control the economy and we certainly have no influence over Mother Nature. We must simply deal with the cards we're dealt. This means focusing on our fundamentals, vigorously pursuing continuous improvement in all aspects of our business and applying our acquisition strategies. This approach has worked well - very well for us in the past and I think it will work well going forward.

I should also underscore that we do have a clear focused business agenda for the remainder of 2006 and well into 2007 which includes adding new customers, increasing route density and renewing contracts at our traditionally high rate. These are our bread and butter priorities. And well, we don't quantify our progress against these imperatives; I think our outstanding results to date indicate clearly that we are gaining traction with our improvement agenda. Well, that's my quarterly report. Now I would like to give – hand the call over to Tom to give you a few more financial specifics. Tom.

TOM COWEE (CHIEF FINANCIAL OFFICER): Thanks Keith and good morning everyone. I am going to keep my remarks short today on the assumption that you have access to our MD&A and we prefer more time to ask questions. So let's make it right to it. On the third quarter, both the nine and third, excuse me - on both of the third quarter and nine months basis, revenue was up sharply across all platforms. On a nine month basis revenue was \$571.5 million, putting us on track to outperform our 2005 revenues of \$677.4 million. Since this year's performance is largely a result of organic growth whereas last year's results reflected the first time additions of IESI and the Ridge landfill, you can take comfort that both our acquisition strategies and our business improvement strategies are working as intended.

Another place to judge the success of our improvement strategies is operating expense. Operating expenses increased year-over-year in the third quarter by only 7.8 million – or 7.8% or \$8.1 million. This rate of expense growth reflects strict cost management and in our view is justified based on the addition of new lines and new customers. SG&A expenses also increased in the quarter by 7.9% or \$1.7 million compared to 2005. This increase includes higher accruals for elective expenses and the write-offs of deferred costs in respect to certain discontinued corporate development activities.

Amortization expense of \$38.6 million was lower in the third quarter by \$166,000. The story there is a marked increase in the value of the Canadian dollar which resulted in lower translated value of US denominated amortization. This more than offset a \$1.5 million increase in amortization expense in Canada which was a result of revisions to capitalized and immediately amortized asset retirement obligations.

In the third quarter, interest on long term debt increased \$1.6 million year-over-year to \$8.8 million. This increase was due to drawings in both our Canadian and US revolving credit facilities to finance organic and acquisition growth as well as net increase in variable lending rates. Please note that, these increases were partially offset by lower borrowing cost due to the repayment of revolving credit facility drawings from IRB financings during both the fourth quarter of 2005 and the second quarter of 2006.

During the quarter we also had an unrealized non-cash loss of \$3.3 million under derivative financial instruments. These instruments are used to manage the impact of FX on free cash flow available for distribution, fixed portion of floating rate component of IESI's \$195 million term loan and has commodity prices for old corrugated cardboard.

In the third quarter of 2006 we had a gain of \$809,000, most of which pertains to the settlement of foreign currency hedge agreements on the translation of the Fund's US net receivable. As a final comment on expenses, the Fund's income tax expense was \$1.2 million in the third quarter \$563,000 was less than third quarter of 2005. The decline is due in part to timing differences on derivate financial instruments used in the Fund's US segment, partially offset of higher Canadian segment income tax expense due to strong financial results. Strong results led to a reduction of the future income tax assets as we used some of our tax losses available to shelter their taxable income.

That leaves me to comment on the presentation of free cash flow available for distribution. Emerging practice requires issuers to reconcile distributive – distributable cash to cash flows from operating activities which has been given equal performance on page flow of our MD&A. However we also continued to show an operations approach to free cash flow available for distribution in our MD&A. It is this measure derived from EBITDA that our trustees used to make decisions on current and future

distribution levels and by which our lending facilities measure free cash flow.

Now a couple of balance sheet and financial condition comments: At September 30, 2006, we were in compliance with all of our debt covenants. During the third quarter we increased the US credit facility to \$450 million from \$385 million, using \$65 million of the \$165 million recurring amount in the facility. The US revolver is now a maximum of \$255 million and the fully funded term loan is now at \$195 million.

We remain confident that our long-term debt facilities and available capacities are sufficient to meet our plan growth and development activities near term. As noted, we continue to generate cash flow in excess of distributions. In fact our cumulative payout ratios since the Fund inception is now 85.3%, and as Keith said our payout ratio was 74.8% in Q3.

The primary uses of these excess funds are fuel expansion of our landfills or develop new replacement landfill sites to maintain and continuation of cash flows from limited life assets and to use the excess key free cash flow to investment growth. Based on our performance and our outlook, the way we have restructured debt and the fact that relative to our industry we remain conservative leveraged, we are confident in the near term that we have the financial strength to support our ongoing market focus and acquisition strategies. That concludes our formal

presentation. Now I ask the operator to open the 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 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 the key. One moment for your first question.

Your first question comes from Walter Spracklin from RBC Capital Markets. Please go ahead.

WALTER SPRACKLIN: Yeah. Thanks very much. Good morning guys.

KEITH CARRIGAN: Good morning Walter

WALTER SPRACKLIN: Just a question I have a bunch of questions I guess, but let me ask some all around this the government thing and then I will queue up again but you mentioned that, first of all just to clarify you said that the - you view the market as an over reaction are you talking

specifically with BFI or you seeing this as you know, what would lead to you believe that you know, at 31.5 % tax and the reaction we saw would be an over reaction on the market around BFI specifically?

KEITH CARRIGAN: Well you know I think that our corporations have different aspects to the capital structure such as you know relating to you know, shielding, taxation, through intervals and return on capital etc., and those probably were not evaluated but in fact Walter the 31% tax rate was associated with the with the decline in the value of the income trust over this past week so, you know, I think when Tom settles in and everyone looks at the different structure inside the corporations then in fact the corporations will be judged and priced at the merit of their existing capital structure and their benefits within the corporation as it relates to tax.

WALTER SPRACKLIN: And on that you had mentioned some tax pools you know, we have got some disclosure on, it's a little dated. Can you update us on your tax pools that you have available both in the US and Canada.

KEITH CARRIGAN: Yes, we have a US interval to slightly below \$80 million and the Canadian interval sitting at right at about \$20 million.

WALTER SPRACKLIN: And that \$80 million is US - US dollars?

KEITH CARRIGAN: US dollars, yes.

WALTER SPRACKLIN: All right the next question, I mean one of this – one of the key things about any income trust and BFI certainly in

particular when you are looking at acquisitions, there is no question, a benefit or an advantage when a income trust is competing with a taxable entity for new acquisitions. Given now that - that advantage is going to be taken away how is your strategy going to change going forward, how are you - are you going to look at financing these a little differently are we going to look at more debt as opposed to more debt in your structure. Can you talk a little bit about the impact on that?

KEITH CARRIGAN: Well, you know, I think Walter, the first thing we need to is to establish where our currency settles in that and you know, we have read certainly some of the analyst reports and I think, that its fair safe from what we read that they believe that we, in fact by higher than we are today. So clearly we will look to see where that settles in and we look to see where that settles in relative to our peers in the industry, in the US that's one clear advantage that we have is what we can compare ourselves against our peers. Having said that however, remember that clearly there are other advantages we've intended to have some better performance and therefore if one was an investors either through acquisition or in other words taking our shares or units and our acquiring then, one would also look at it and say that the future would probably be a better because it is a combination with BFI than it would be with other folks in the marketplace. So clearly we just don't want to be penalized in terms of our currency we think that we necessarily have to have a currency

advantage albeit we think that we want to be rewarded for the strength of our balance sheet and the strength of the company as well. So clearly, we should be rewarded on the top end of our peer group but at the end of the day there are lot of other reasons as I have just expressed why companies would prefer to merge or sell or trade units for shares with BFI Canada.

WALTER SPRACKLIN: Last question and then I will queue up again on operational questions but the - you mentioned you have a lot of options that you are looking at lot of options given this implication. Can you just you know give us some color as to you know the ones you are looking at just you know few of them as - in light of this government announcement.

KEITH CARRIGAN: Sure, I think you probably are all aware that we put a pressure to release out yesterday; we moved the end of last week to seek approval from the TSX to acquire back our units. If we feel that they are under valued and that is going to be a bit investment strategy for our unit holders then certainly we will move to do that. I think, clearly we are going to have to as expressed in my earlier comments that we are going to have to show a little patients, we are going to have to view where the market values BFI and how that's going to effect our ability to acquire companies in the future and use our currency. So based on all of those, I think it's prudent that we sit back and lets things settle out for a next while and then we will view our options.

I think it's probably fair to say that one option that we have is conversion - conversion to a standard equity. We have not made any movements towards that at this stage but clearly, again we view ourselves because of our balance sheet and our results at the high-end of our peer group. So, obviously we will have a look at that option as well but its not – we are not targeting any move at the present time.

WALTER SPRACKLIN: Okay, thanks very much for your answers. Congratulations on a great quarter.

KEITH CARRIGAN: Thanks Walter, Thank you.

OPERATOR: Your next question comes from Sophia Taylor TD New crest. Please go ahead.

SOPHIA TAYLOR: Good morning. Many of my, I guess, tax and governments questions have been asked. So I would like to talk as more on operations if possible. You have made four tuck-in acquisitions in that quarter, \$15.1 million. I'm wondering, are you disclosing the average multiple that you have paid for these acquisitions?

KEITH CARRIGAN: No but I think, you know, I will give you a little bit of range. Typically, when we are in the tuck-in range Sophia, tuck-ins are really running in the range that we had expressed previously, typically in that area of you know four to six and half times multiple platform

acquisitions are typically higher than that. And that's essentially we are buying management and all of the other structures that come with an operating - full operating corporation. And there has been quite frankly you know a little more of a challenge lately inside our industry from private equity, is that we translate more towards the platform type of acquisitions and we are not sure, seems to be from a very narrow group but we are not sure whether we see that continuing so aggressively or as we have seen in the past these things tend to be cyclical and you know they hit the market hard for a short while and they burn themselves off. So there is really the two groups and there are in fact two distinct groups as we acquire whether it will be a tuck-in or a platform. Is that answer you question?

SOPHIA TAYLOR: Perfectly thank you. You have bought I guess three companies and taxes and one in Southern Ontario, could you please elaborate on what it is you have acquired like collection operations or I mean presumably they are.

KEITH CARRIGAN: They are collection operations you know typically when we have either favorable landfill situation, then we will look to acquire a density in the market place which gives us an opportunity to run various strategies inside those market places and quite frankly more effective strategies. So clearly that's precisely why the tuck-in acquisitions become very-very important to us and in fact they become not only accretive at the time we do the acquisitions but those accounts become

significantly more accretive as we carry forward and receive the benefit of the synergies of density.

SOPHIA TAYLOR: Okay and types of collection operations?

KEITH CARRIGAN: They are full range. They provide all of the services that we would normally provide in our other companies.

SOPHIA TAYLOR: I am sorry but in terms of the four that you have acquired would they be residential waste or ICI?

KEITH CARRIGAN: Principally commercial but there is some minor residential in there.

SOPHIA TAYLOR: Okay thank you. Trying to access I guess the improvement in margin that we are seeing this quarter but a full percentage point year over year. Is that mainly driven by the strength in revenue growth or what else might be driving that?

KEITH CARRIGAN: It's principally volume that's driving it and obviously volume drives revenue growth. But we are again folding that in terms of productivity improvements and when we get the productivity improvements we will increase our margins.

SOPHIA TAYLOR: Great and last housekeeping question, wondering if you are prepared to disclose maintenance capEXx guidance for 2007.

KEITH CARRIGAN: Its little too early but we will be happy to do that on our call.

SOPHIA TAYLOR: Sounds great, thank you.

KEITH CARRIGAN: Alright.

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

AVI DALFEN: Thank you first of all a couple of minutes ago Tom mentioned that the existing credit facilities provide sufficient capital to allow for growth in the near term and I am just wondering how Tom defines near term?

TOM COWEE: Well, I think Avi, it depends on the acquisition activity in general but you know we believe that for - well in the next year we would have more than the sufficient amount of round up to continue to execute our strategies.

AVI DALFEN: Okay so certainly for the next two quarters you don't feel under any particular pressure with regards to the growth of the business.

TOM COWEE: We don't believe so – but if we do you will see us do something along those lines. We won't hold up the growth of the company.

AVI DALFEN: Okay let me highlights something that has got exception well this quarter and that's your organic growth and its really different, I mean we are looking at the comparison – the out comparison,

the out performance do you have relative to your peers you're but double the industry organic growth rate, how long do you think you can continue to grow organically at these kind of numbers?

TOM COWEE: You know its difficult clearly to put a prime line on that, you know I was asked - I think we have been asked this question - probably asked this question four or five years ago and we have continued to maintain very aggressive growth through our market focus strategies over the five year or so. So, clearly, you know, we think that we have a process and a formula that tends to generate results and consequently we don't see that backing - we do not see ourselves backing off of that.

AVI DALFEN: So you are going to be able to continue for the next number of quarters anyway or just to presume seasonality work, but to show more often not this type of performance.

TOM COWEE: Let me just say that we have no indicators that we would not continue to do that at this stage. We will watch the economy very closely of course and but assuming that we have no significant change in the economy then, you know, obviously the gates don't just shut at the end of a quarter. So clearly we will continue doing what we are doing which would give us rise to believe that we would continue getting results.

AVI DALFEN: Finally, it's just something that I just wanted touch base on New York City. The article that I sent to you yesterday implied nothing material likely to change here till at least 2010. Is that still the best

information you have or is something likely to happen within the next four years or so?

TOM COWEE: We have Mickey Flood who's with us today and Mickey is the expert in New York City, so let me pass the question over to the Mickey.

MICKEY FLOOD: Hi Avi, how are you?

AVI DALFEN: Good Thanks.

MICKEY FLOOD: We see nothing new in New York City at this time. There is a lot of activity mostly verbal but at the present time we are well positioned both on short term and long term basis and we await the movement on the partner city.

AVI DALFEN: Okay. Thank you.

TOM COWEE, MICKEY FLOOD: Thank you.

OPERATOR: Your next question comes from Bob Gibson from Octagon Capital. Please go ahead.

BOB GIBSON: Good morning everybody.

KEITH CARRIGAN: Good morning Bob.

BOB GIBSON: Can you give us a little more color on your EBITDA margins in US North East?

KEITH CARRIGAN: Yeah we would be happy to. The North East region for us is a region that is comprise principally of landfill assets at this time. And with landfill assets we typically will have volume caps on our landfills and so therefore, typically as time goes on we have pricing as the indicator that will move our margins going forward and so consequently we have experienced a little bit of pricing movement but until we acquire more significant collection assets in our able to flow price all the way through to the generator then we will see just price influence margins in the North East. In the South, we have a full range of assets right through to the generator from cradle to grave. And so therefore, we can run affective strategies through from the customers all the way back through every asset group that we have, right through to the landfill and therefore we are picking up volume and price for example on our landfill assets in the South. So what you would look to see in the near future, is the South having some tremendous or having significant growth because we move price and volume, the North East will have small margin of growth; however, as time goes on you will see that shift as we acquire more collection assets in the North East because then we will be passing all the way through to the generator.

BOB GIBSON: Okay great.

KEITH CARRIGAN: Yeah.

BOB GIBSON: Can you give us some color on your organic growth in Canada, how much might have been from new municipal contract like Autovia?

KEITH CARRIGAN: Well, you know we don't give those dollars but clearly we have picked up contracts in Winterpeg and Autovia that are supporting it. But typical those are residential contracts. So, on a per unit basis typically they do not have a huge impact simply because our rate of return that we required not so, we drive everything against and the company is smaller because essentially we are putting on a payout basis are roughly about \$180,000 capitalization into a road on residential lift. This for example, if we are putting commercial roads out, we are putting roughly about \$0.5 million of capitalization. Therefore the revenue and the return on a front end road will be much higher than it would be a residential. So having said that we are growing significantly in every line of business in Canada. So therefore you can expect that that you would see a more of a balanced revenue increase.

BOB GIBSON: Right and may be lastly a little update on Cowdrey landfill?

KEITH CARRIGAN: We are very happy with the way that that's coming along, you know, we are right in the middles of the process, so I don't like to be too specific about it, but that doesn't do us any good as we move ahead, but, you know, it is public, we are working with the

municipality out there and we are working with the prudential government, and I would say we are very satisfied with the way that things are moving today.

BOB GIBSON: Great, thank you very much.

OPERATOR: Your next question comes from Kelly Woogall from Raymond James. Please go ahead.

KELLY WOOGALL: Good morning guys, I think most of my questions have actually been covered off. Actually, may be just a follow up on Bob's question, in the US North East rising strong pricing. Are you seeing any weakness in collection volumes that would actually be helping your margins at this point?

KEITH CARRIGAN: We are not seeing any weakness at this stage and collection volumes in the North East, you know having said that, you know, their I think its fair to say that we are not a major collection player in the North East which we view that as an opportunity as you all know the landfill assets are the most difficult assets to acquire and yet are obviously very integral in operational strategy. So, we have the integral assets and now we are filling in with those collection assets. But we in our existing collection assets Kelly we have not see any deterioration of volume.

KELLY WOOGALL: Okay great, thanks, congrats on a great quarter.

KEITH CARRIGAN: Thank you.

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

JOHN GRANDY: Thanks and good morning, a couple of more questions relating to the issuer tax accruals, the roles as I understand it, say that if the government sees income trust making acquisitions if they feel are too large, you could lose your tax status immediately.

Do you have any idea of what they mean when they talk about too large, is there been any guidance that you have received from your advisors on this?

KEITH CARRIGAN: Well, you know that - that's a very interesting statement and question. It is of course, the problem is identified but Mr. Flaherty's was in fact, the structure – the income trust structure did not permit significant growth. So, it's interesting that there would be a capital. Great question, a little retard question.

You know, I indicated earlier that in fact we will not discontinue our strategies. We will continue our strategies, if we bump against, you know, up against the head of Autovia, I'm sure that that we will be aware of that and we will move appropriately at that time to ensure that our unit holders

are not going to be penalized for whatever we do. But, in terms of our strategy we know or we believe that we know how to create value for our unit holders and we will continue along that path.

JOHN GRANDY: Okay great. Understood, great supplementary if I may, the official tax rate return was 51.5 %, I guess, you know, you are effective tax rate, if your corporation will be much slower because of our capital cost allowance and interest. Bit, do you have any guidance for us or is it too early for you to think through that question?

KEITH CARRIGAN: I would say that this point is still too early we want to fully assess the situation and fully understand what the actual legislation will ultimately be before we come to any conclusions there.

JOHN GRANDY: I understand, okay that's great, thank you.

KEITH CARRIGAN: Great, thanks John.

OPEATOR: Your next question comes from Nav Malik from Scotia Capital. Please go head.

NAV MALIK: Yeah, thanks good morning, I just had a few follow up questions on the organic growth. I'm wondering you didn't provide some indications, but I wonder if you can quantify in terms of pricing and volume organic growth.

KEITH CARRIGAN: Well, you know now there is, as I said in the past that we work in combination essentially between volume and price. And so, you know, effectively one sitting on top of the other is not a priority for us, what we are really looking to do is, is to use price to establish volume and generate higher efficiencies or if you would like more density which provides more productivity. The net effect of that is that what we are looking for us to increase our revenue every hour that - that vehicle operates. So that's we are doing that either to price or volume.

NAV MALIK: Okay.

KEITH CARRIGAN: And different markets will require different strategies in a market and some markets price may be the operative methodology to increase that revenue per unit but in others it would be volumes.

So, and that's where we use our focus strategies to really imply the best strategy relative to what we can take in the market.

NAV MALIK: Okay, and I also just want to may be follow up on I know you mentioned your market focus strategies as part of reason behind your strengths relative to your industry period. So, I'm just wondering like, what exactly if you can elaborate, what are you doing differently there that some of the other competitors or the waste management companies are not doing?

KEITH CARRIGAN: I'm going to obviously, we are not going to right down into this, the integrity but I would say to you that – that we are a company are that really focuses from the bottom up. So, we believe that our industry is more or less still a mom and pop industry where decisions need to be made at the market level. However having just said that we need to give our managers then the appropriate tools and the decision making opportunities to run the best strategies in their market.

So, where some companies would be going more to a top down or corporate top down management structure, we tend to provide more information on more tools at the market level where we believe we can make the decisions more efficiently quicker and be more relative to what we are seeing in the market by making them at the market level opposed to making them at a higher level and we tend to therefore be more responsive and get results probably a little bit quicker we believe.

NAV MALIK: Okay, I also want to ask about the EBITDA margins in the south region, they were almost 3 percentage points higher it looks like year-over-year. Could you comment on that?

KEITH CARRIGAN: Yeah sure, I think that again what you are seeing is that organic growth has moved up so you are seeing effective volumes being deployed under the same, you know, virtually the same asset group which then is going to drive a more revenue per asset and therefore higher margins

NAV MALIK: Okay, now I have got question on your normal corsetiere bid, I'm just wondering you got about 7 million of cash on your balance sheet your debts already around sort of the two times range. How would you intent to finance, you know if you decide to buy back from stock what would you be it - would you move your debt higher or?

KEITH CARRIGAN: Well, again I think that that what we want to do is, is we want to sit back and we want to first of all determine where the market is going to price us #1, if we seen ourselves certainly following at the low end of our peer group then, you know, obviously you know that's when the intender is going go come up and at that point we will have to evaluate what is going to be in the best interest of our unit holders and make the appropriate decisions. I don't think it's fair to give a target price, because clearly, you know, I would want to be on the other buying side if I knew what BFI's target price was.

NAV MALIK: Sure

KEITH CARRIGAN: So, we are certainly not going to give a target price, but clearly, you know, we do have capital, we excess capital as you have indicated by looking at the balance sheet and as you probably all know fourth quarter generally, typically is a, although we are seasonality attached to it, it is a low quarter in terms of maintenance capEX and therefore generates a lot of free cash flow for the year end.

So clearly we all have a sufficient reserve of capital again indicating that we are one of those companies that do not exist in the trust structures indicated by Mr. Flaherty's that we really do have capital to re-invest in our business.

NAV MALIK: Yes

KEITH CARRIGAN: So, we will reinvest it in the business as appropriate and as we feel its going to give the best interest to our unit holders.

NAV MALIK: Okay, but just on the debt sort of specifically maybe not even related to the normal – bit which is generally, where would you want to sort of keep that level around...

KEITH CARRIGAN: Well, I think, you know, we are at this stage where, you know, we are happy with our balance sheet.

NAV MALIK: Okay

KEITH CARRIGAN: And so, you know, we do not see any real immediate reason that we need to change that.

NAV MALIK: Okay, thanks very much

KEITH CARRIGAN: You're welcome

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

WALTER SPRAKLIN: Thanks, all my questions were answered except for one; US construction activity, I do not see that coming down one of the variable components to your business, if not you know, on the residential side and that kind of stuff. Are you seeing any of that in any regions and if not now, what are the things that you are going to look for that would indicate a slow down?

KEITH CARRIGAN: I'm open to suggestions. The markets that we have construction and demolition landfills are in Austin over and also in Louisiana. Those markets have not slowed down and quite frankly our rate of activity year-over-year is quiet a bit funded higher. So in the North East we do not have a focus on roll off that we do not really feel the come back at all in the south quiet frankly we are not feeling any set back at all.

WALTER SPRAKLIN: That's great color, thanks very much. That is it from me.

KEITH CARRIGAN: Thank you.

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

ALEEM ISRAEL: Hi Good morning.

KEITH CARRIGAN: Good Morning Aleem.

ALEEM ISRAEL: Just on fuel for stuff, I apologize if I missed the answer on this but what was the impact of fuel in New-Regions in the third quarter?

KEITH CARRIGAN: Well, again the organic growth rate that we gave you did not include fuel. So we had bagged the fuel out. But having said that we continue in Canada to recover the full impact of fuel and you know there is – we run up and down roughly about three-quarters recovery in the US on fuel and you know some of it is just timing issue where we will recover it at a later date but the basically that really has not changed.

ALEEM ISRAEL: Okay and I guess in Q4, fuel looks like it's be down year-on-year for the first time in several quarters. Are you getting any push back from customers?

KEITH CARRIGAN: We have not had push back but we do not need to, we will back it down.

ALEEM ISRAEL: Okay.

KEITH CARRIGAN: We have in the past and we will continue, you know, it is – it's a pass through and that's just by - precisely by its name, means that our cost is pass through and we are not looking to make margin on it.

ALEEM ISRAEL: Okay. Last question, in the US north east the gross margins where down about 300 bases points year on year, similar to obviously on the first half. I guess – on the first half you switch from them

monthly to annual volume, is that – are we still seeing the impact of that in the third quarter?

KEITH CARRIGAN: No, I think what you are going to see is you know as we typically fill in around the landfills then on a margin basis, the margins will go down because you are filling in with this as indicated to one of the previous questionnaires as we check out collection assets they are much less expensive than landfill development and therefore on a margin basis the margins will go down but actually it would have pay back going up. So if free cash flows increasing even though margins are going down, So that's what you will see as we begin filling in like the north east around collection contracts and collection acquisitions opposed to landfill.

ALEEM ISRAEL: And where will you say that the inflection point will be at the metal landfill level or margins?

KEITH CARRIGAN: Well, there really isn't because again our focus is on return of capital and its not return on a percentage as a margin, what you see is that, you know, certainly companies fall out when you, you know, typically if your running under 20%, then your probably have a margin problem but you also have a return on capital problem. But clearly, you know, companies that waste management for example has a lower margin but they generate a lot of free cash flow. So, it really is a combination of assets that drive return and not a margin.

ALEEM ISRAEL: Okay, great thanks.

OPERATOR: Your next question comes from Sophia Taylor from TD Newcrest.

SOPHIA TAYLOR: I just have one quick follow up question with respect to your distribution strategy going forward in this new environment, I mean, I realize that its really daze but assuming you do keep your structure, the growth continues, are you comfortable in releasing distribution between now and 2011 or is it more of a steady state environment that you envision?

KEITH CARRIGAN: Well, you know, I think that clearly as an income trust, you know, our focus is to reward our unit holders and so as an income trust, I do not feel we are doing any other than that assuming that the market is going to reward us when we increase our distribution so be it. So probably too early to determine that, we are all in a new territory right now and we don't understand how the market is going to respond so we will view that very carefully and then the board, I'm sure will judge themselves accordingly as it relates to increasing distribution going forward.

SOPHIA TAYLOR: Thank you

KEITH CARRIGAN: You're welcome.

OPERATOR: Ladies and gentlemen if there are any additional questions at this time, please press the star followed by the one. As a reminder, if you are using a speaker phone, please lift the handset before pressing the keys.

Gentlemen there are no further questions at this time, please continue.

KEITH CARRIGAN: Well folks, I hope you're enthused as we are for all of our unit holders and clearly for all of all of employees who continue to work so hard to generate the returns that you are seeing in this quarter. It's unfortunate that we are giving such good news in a time its being deflected by a government issue. But having said that we remain boldish on our company and we look forward to carrying it forward and joining you again next month on our quarterly call.

So thank you for being with us today, we really do appreciate you following with BFI Canada and we will speak with you soon. Thank you.

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