



BFI CANADA INCOME FUND ANNOUNCES RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006

Toronto, Ontario – November 6, 2006 – **BFI Canada Income Fund (the “Fund”) (TSX:BFC.UN)** today reported strong continuing financial results for the three and nine months ended September 30, 2006. The Fund’s 2006 financial results include a full year to date contribution from IESI Corporation (“IESI”) which was acquired by the Fund on January 21, 2005. Accordingly, the comparable nine month period ended September 30, 2005 excludes IESI’s financial results for the period from January 1 to January 20, 2005. All amounts are in thousands of Canadian dollars, unless otherwise stated.

Management Commentary

“BFI Canada Income Fund set a new performance standard in the third quarter, outpacing our previous quarterly results in all areas,” said Keith Carrigan, Vice Chairman and Chief Executive Officer. “On the strength of 9.7% organic revenue growth in the U.S. and 11.5% organic growth in Canada as well as contributions from seven “tuck-in” acquisitions completed so far this year, we achieved a new mark for consolidated quarterly revenue. We also translated this growth effectively into unitholder value. Year-over-year third quarter and year to date EBITDA^(A) grew 13.1% to \$64.5 million dollars, and 12.2% to \$175.7 million dollars, respectively, while free cash flow available for distribution^(B) increased 17.7% and 13.7% comparatively. Consequently, our payout ratio in the third quarter was 74.8% and 82.4% year to date. Excluding the positive effects of our foreign currency hedges, we achieved a comfortable payout ratio of 77.0% on the quarter and 84.8% year to date. This performance reflects the continuous development of our assets through our market-focused strategies, the momentum we’re enjoying from our platform assets acquired over the past two years and a favourable economic climate.”

Financial Highlights

- Revenues for three and nine months ended September 30, 2006 increased, when compared to a year ago, by 9.4% to \$200.0 million, and 14.4% to \$571.5 million, respectively. Excluding the impact of foreign currency exchange fluctuations and the impact of consolidating IESI’s financial results for an additional 20 days in the nine months ended September 30, 2006, consolidated revenues increased 14.1% and 15.8% for the three and nine months ended September 30, 2006, respectively.
- Free cash flow available for distribution^(B) increased to \$38.8 million or 17.7% in the third quarter and grew 13.7% to \$102.7 million on a year to date basis compared to a year ago.
- The Fund’s payout ratio of 74.8% in the third quarter and 82.4% for the nine months ended, or 77.0% and 84.8% excluding the effects of foreign currency hedges, is in line with management’s annual payout ratio target of sub 90.0%.

Other Highlights for the Three and Nine months Ended September 30, 2006

- Based on the Fund’s performance and consideration of the current and forecasted foreign currency exchange rate, trustees of the Fund approved a 7.1% increase to distributions from an annual rate of \$1.698 per trust unit to \$1.818 per trust unit effective for the distribution paid on September 15, 2006 to unitholders of record on August 31, 2006. Distributions to holders of participating preferred shares have increased by an amount equal to the increase in per trust unit distributions paid to unitholders of the Fund.
- The Fund completed seven “tuck-in” acquisitions for the nine months ended September 30, 2006. Aggregate cash consideration, including payments in respect of contingent consideration, totalled approximately \$16,100 and \$19,700 for the three and nine months ended September 30, 2006, respectively.
- Effective February 10, 2006, the Fund, through BFI Canada Holdings Inc. (“Holdings”), entered into a Fourth Amended and Restated Credit Agreement. The amended and restated credit agreement increases the total available credit under the facility, subject to lender consent, from \$80,000 to \$120,000 and matures, subject to one year extensions, on June 30, 2010. Borrowing rates under the Fourth Amended and Restated Credit Agreement are more favourable than the predecessor credit agreement.
- Effective September 30, 2006, the Fund exercised a portion of the accordion feature available through its U.S. term loan and revolving credit facility which increased the facility to U.S. \$450,000 in aggregate. Available lending under the U.S. term loan and revolving credit facility increased by U.S. \$10,000 and U.S. \$55,000 to U.S. \$195,000 and U.S. \$255,000, respectively.
- Effective March 10, 2006, the Fund, through IESI, amended its Amended and Restated Revolving Credit and Term Loan Agreement in the U.S. The amendments increased the total available credit under the facility, subject to lender consent, from U.S. \$500,000 to U.S. \$550,000 and borrowing rates under the amended credit agreement are more favourable than the predecessor credit agreement.
- The Fund drew U.S. \$17,000 of variable rate solid waste disposal revenue bonds (“IRB”). A portion of the IRB proceeds was used to repay the Fund’s U.S. revolving credit facility with the balance used to finance construction activities at the Seneca Meadows landfill.



Summarized Financial Highlights

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Revenues September 30, 2005	\$ 182,716	\$ 499,537
Organic growth and acquisitions (includes fuel surcharges)	25,837	78,888
Additional IESI 20 days	-	20,782
Foreign currency exchange impact	(8,572)	(27,707)
Revenues September 30, 2006	\$ 199,981	\$ 571,500
% Revenue growth before additional IESI 20 days and foreign currency exchange impact	14.1%	15.8%
Total revenue growth %	9.4%	14.4%
EBITDA ^(A) September 30, 2005	\$ 56,994	\$ 156,587
Organic growth and acquisitions	9,988	21,272
Additional IESI 20 days	-	5,416
Foreign currency exchange impact	(2,527)	(7,593)
EBITDA^(A) September 30, 2006	\$ 64,455	\$ 175,682
% EBITDA^(A) growth before additional IESI 20 days and foreign currency exchange impact	17.5%	13.6%
Total EBITDA^(A) growth %	13.1%	12.2%
Free cash flow available for distribution ^(B) September 30, 2005	\$ 32,951	\$ 90,310
Organic growth and acquisitions	9,108	13,560
Additional IESI 20 days	-	2,373
Foreign currency exchange impact	(3,260)	(3,559)
Free cash flow available for distribution^(B) September 30, 2006	\$ 38,799	\$ 102,684
% Free cash flow available for distribution^(B) growth before additional IESI 20 days and foreign currency exchange impact	27.6%	15.0%
Total free cash flow available for distribution^(B) growth %	17.7%	13.7%
Free cash flow available for distribution^(B) without hedge	\$ 37,683	\$ 99,717
Aggregate distributions declared	\$ 29,029	\$ 84,583
Payout ratio with foreign currency hedge	74.8%	82.4%
Payout ratio without foreign currency hedge	77.0%	84.8%

Foreign Currency Exchange Impact

A significant portion of the Fund's revenues, EBITDA^(A), capital and landfill expenditures, interest expense, and cash income taxes reported in Canadian dollars, originate in the U.S. Capital and landfill expenditures, interest expense, and cash income taxes originating in the U.S. are settled in U.S. dollars generated from U.S. operations resulting in a natural cash flow hedge. A portion of the resultant free cash flow available for distribution^(B) originating from the U.S. is hedged by three, three year single rate hedge agreements through February 2008 to purchase \$4,500 Canadian dollars monthly at an average foreign currency exchange rate of approximately \$1.222. The Fund reports its financial results in Canadian dollars. Changes in the foreign currency exchange rate between Canada and the U.S. impacts the translated value of the Fund's U.S. operating results to Canadian dollars. IESI's operating results for the three and nine months ended September 30, 2006 and 2005 have been translated to Canadian dollars applying an average foreign currency exchange rate of \$1.121, \$1.203, \$1.133 and \$1.224, respectively. The financial impact of changes in the foreign currency exchange rate on the Fund's consolidation of IESI's financial results is included in Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2006.



Financial Highlights

(in thousands, except per weighted average trust unit, participating preferred share, and subscription receipt amounts)	Three months ended September 30		Nine months ended September 30	
	2006 (unaudited)	2005 (unaudited)	2006 (unaudited)	2005 (unaudited)
Revenues	\$ 199,981	\$ 182,716	\$ 571,500	\$ 499,537
Operating expenses	111,991	103,911	324,433	281,026
Selling, general and administration expenses	23,535	21,811	71,385	61,924
Income before the following	64,455	56,994	175,682	156,587
Amortization	38,587	38,753	110,831	108,745
Interest on long-term debt	8,767	7,204	24,996	19,510
Financing costs	-	-	79	36,710
Net gain on sale of capital assets	(54)	(30)	(409)	(30)
Net loss (gain) on derivative financial instruments	3,260	(9,610)	(539)	(10,723)
Foreign exchange (gain) loss	(809)	10,199	6,051	11,173
Other expenses	28	461	187	2,072
Income (loss) before income taxes and non-controlling interest	14,676	10,017	34,486	(10,870)
Income tax expense (recovery)	1,200	1,763	4,804	(18,089)
Non-controlling interest	2,427	1,958	5,345	1,629
Net income	\$ 11,049	\$ 6,296	\$ 24,337	\$ 5,590
Net income per weighted average trust unit, basic & diluted	\$ 0.21	\$ 0.13	\$ 0.46	\$ 0.12
Weighted average number of trust units outstanding	53,617	49,879	53,469	46,263
Weighted average number of participating preferred shares outstanding	11,774	15,512	11,922	16,278
Weighted average number of trust units and participating preferred shares outstanding	65,391	65,391	65,391	62,541
Aggregate number of trust units and participating preferred shares outstanding	65,391	65,391	65,391	65,391
Maintenance capital and landfill expenditures	\$ 13,935	\$ 13,227	\$ 40,752	\$ 37,362
Growth capital and landfill expenditures	20,668	12,011	58,817	37,836
Total capital and landfill expenditures	\$ 34,603	\$ 25,238	\$ 99,569	\$ 75,198
Free cash flow available for distribution ^(B)	\$ 38,799	\$ 32,951	\$ 102,684	\$ 90,310
Free cash flow available for distribution ^(B) per weighted average trust unit and participating preferred share	\$ 0.59	\$ 0.50	\$ 1.57	\$ 1.44
Aggregate distributions declared on weighted average trust units	\$ 23,802	\$ 20,672	\$ 69,352	\$ 55,035
Aggregate distributions declared on weighted average subscription receipts	-	-	-	1,175
Aggregate distributions declared on weighted average trust units and subscription receipts	23,802	20,672	69,352	56,210
Distributions attributable to participating preferred shareholders	5,227	6,429	15,231	19,766
Aggregate distributions declared	\$ 29,029	\$ 27,101	\$ 84,583	\$ 75,976
Aggregate distributions declared per weighted average trust unit and participating preferred share	\$ 0.44	\$ 0.41	\$ 1.29	\$ 1.20
Aggregate distributions declared per weighted average trust unit, participating preferred share, and subscription receipt	\$ 0.44	\$ 0.41	\$ 1.29	\$ 1.21



Management's Discussion

(all amounts are in thousands of Canadian dollars, except per trust unit, participating preferred share, and foreign currency exchange rate amounts)

Consolidation of IESI

The Fund acquired IESI effective January 21, 2005. Accordingly, the comparative financial information presented for the nine months ended September 30, 2005 does not include IESI's financial results for the period January 1 to January 20, 2005. IESI's financial results for the period January 1 to January 20, 2005 are included in the Fund's MD&A for the three and nine months ended September 30, 2006.

Foreign Currency Exchange

The Fund reports its financial results in Canadian dollars, and consequently changes in the foreign currency exchange rate between Canada and the U.S. impacts the translated value of the Fund's U.S. operating results to Canadian dollars. IESI's financial position and operating results have been translated to Canadian dollars applying the following U.S. to Canadian dollar foreign exchange rates:

	2006			2005		
	Current	Average	Cumulative average	Current	Average	Cumulative average
March 31	\$ 1.167	\$ 1.155	\$ 1.155	\$ 1.210	\$ 1.228	\$ 1.228
June 30	\$ 1.115	\$ 1.122	\$ 1.138	\$ 1.226	\$ 1.244	\$ 1.237
September 30	\$ 1.115	\$ 1.121	\$ 1.133	\$ 1.161	\$ 1.203	\$ 1.224

The impact of changes in the foreign currency exchange rate on the Fund's consolidated financial results is included in the Fund's MD&A for the three and nine months ended September 30, 2006.

Operating Highlights

(in thousands)

	Three months ended September 30			Nine months ended September 30		
	2006	2005	\$ Change	2006	2005	\$ Change
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	\$ 199,981	\$ 182,716	\$ 17,265	\$ 571,500	\$ 499,537	\$ 71,963
Canada	\$ 76,891	\$ 65,573	\$ 11,318	\$ 213,697	\$ 185,646	\$ 28,051
U.S. south	\$ 67,183	\$ 62,710	\$ 4,473	\$ 197,024	\$ 170,549	\$ 26,475
U.S. northeast	\$ 55,907	\$ 54,433	\$ 1,474	\$ 160,779	\$ 143,342	\$ 17,437
Operating expenses	\$ 111,991	\$ 103,911	\$ 8,080	\$ 324,433	\$ 281,026	\$ 43,407
Canada	\$ 38,712	\$ 33,226	\$ 5,486	\$ 107,992	\$ 93,918	\$ 14,074
U.S. south	\$ 44,302	\$ 44,166	\$ 136	\$ 132,003	\$ 118,038	\$ 13,965
U.S. northeast	\$ 28,977	\$ 26,519	\$ 2,458	\$ 84,438	\$ 69,070	\$ 15,368
administration expenses	\$ 23,535	\$ 21,811	\$ 1,724	\$ 71,385	\$ 61,924	\$ 9,461
Canada	\$ 9,493	\$ 8,566	\$ 927	\$ 27,864	\$ 24,824	\$ 3,040
U.S. south	\$ 8,837	\$ 7,436	\$ 1,401	\$ 26,440	\$ 21,201	\$ 5,239
U.S. northeast	\$ 5,205	\$ 5,809	\$ (604)	\$ 17,081	\$ 15,899	\$ 1,182
EBITDA^(A)	\$ 64,455	\$ 56,994	\$ 7,461	\$ 175,682	\$ 156,587	\$ 19,095
Canada	\$ 28,686	\$ 23,781	\$ 4,905	\$ 77,841	\$ 66,904	\$ 10,937
U.S. south	\$ 14,044	\$ 11,108	\$ 2,936	\$ 38,581	\$ 31,310	\$ 7,271
U.S. northeast	\$ 21,725	\$ 22,105	\$ (380)	\$ 59,260	\$ 58,373	\$ 887



The discussions that follow are in addition to the consolidation of IESI for the full nine months ended September 30, 2006 and the impact of foreign currency exchange fluctuations for the three and nine months ended September 30, 2006.

Revenues - Three and nine months ended September 30

Canadian and U.S. segment price increases, organic growth, and higher fuel surcharges are the primary reasons for the increases. Acquisitions completed in the Fund's Canadian and U.S. segments through September 2006 also contributed to the increases.

Operating expenses - Three and nine months ended September 30

Higher Canadian and U.S. segment disposal, labour, operating equipment repairs and maintenance, and fuel expenditures, related principally to the collection and acceptance of additional waste volumes, and higher costs to service new and existing customers and contracts are the primary reasons for the increases, coupled with acquisitions.

Selling, general and administration expenses - Three and nine months ended September 30

Higher professional fees, including amounts incurred in defense of the Lachenaie landfill statement of claim, and long-term incentive plan ("LTIP") expenses, which are being accrued at a rate of 2.25% of budgeted free cash flow available for distribution^(B), are the primary reasons for the Canadian and aggregate U.S. segment increases. Acquisitions and the write-off of deferred costs in respect of certain discontinued corporate development activities in the Fund's U.S. segments account for the balance of the increases in aggregate.

Free Cash Flow Available for Distribution^(B)

Free cash flow available for distribution^(B) totalled \$38,799 and \$102,684 for the three and nine months ended September 30, 2006, respectively, versus \$32,951 and \$90,310 for the comparative three and nine months ended September 30, 2005. The resulting increases are due in large part to higher cash generated from operating activities, partially offset by higher maintenance capital expenditures and lower non-cash working capital uses. For the nine months ended September 30, lower financing costs, which were incurred on the retirement of IESI's senior subordinated notes in 2005, represent the bulk of the remaining period over period change.

Free cash flow available for distribution^(B) per weighted average trust unit and participating preferred share for the three and nine months ended September 30, 2006 amounted to \$0.59 and \$1.57, respectively, and is \$0.09 to and \$0.13 higher than the comparative periods ended September 30, 2005.

Free Cash Flow Available for Distribution^(B) - Cash Flow Approach

(in thousands)	Three months ended September 30			Nine months ended September 30		
	2006	2005	Change	2006	2005	Change
Cash generated from operating activities (per statement of cash flows)	\$ 52,508	\$ 39,574	\$ 12,934	\$ 129,277	\$ 75,445	\$ 53,832
Operating						
Changes in non-cash working capital items	1,813	4,726	(2,913)	12,114	14,832	(2,718)
Net change in landfill closure and post-closure costs	(1,315)	1,858	(3,173)	3,135	1,746	1,389
Maintenance expenditures	(13,935)	(13,227)	(708)	(40,752)	(37,362)	(3,390)
Financing						
Amortization of gain, or gain, on settlement of bond forward contracts	56	56	-	168	168	-
Financing costs (net of non-cash portion)	(91)	(36)	(55)	(418)	35,481	(35,899)
Withholding taxes on foreign source income	(592)	-	(592)	(1,762)	-	(1,762)
Effect of foreign currency hedges to support Canadian dollar distributions	1,116	-	1,116	2,967	-	2,967
Realized foreign exchange gain	(761)	-	(761)	(2,045)	-	(2,045)
Free cash flow available for distribution ^(B)	\$ 38,799	\$ 32,951	\$ 5,848	\$ 102,684	\$ 90,310	\$ 12,374



Free Cash Flow Available for Distribution^(B) – Operations Approach

(in thousands)	Three months ended September 30			Nine months ended September 30		
	2006	2005	Change	2006	2005	2004
EBITDA ^(A)	\$ 64,455	\$ 56,994	\$ 7,461	\$ 175,682	\$ 156,587	\$ 19,095
Amortization of capitalized landfill asset closure and post-closure costs, net of revisions to estimated cash flows	(2,888)	(1,990)	(898)	(6,202)	(4,465)	(1,737)
Interest on long-term debt	(8,767)	(7,204)	(1,563)	(24,996)	(19,510)	(5,486)
Management transaction bonuses (other expenses)	(28)	(461)	433	(187)	(2,072)	1,885
Current income taxes	(618)	(1,253)	635	(2,234)	(2,948)	714
Withholding taxes on foreign source income	(592)	-	(592)	(1,762)	-	(1,762)
Maintenance expenditures	(13,935)	(13,227)	(708)	(40,752)	(37,362)	(3,390)
Effect of foreign currency hedges to support Canadian dollar distributions	1,116	36	1,080	2,967	(88)	3,055
Amortization of gain on settlement of bond forward contracts	56	56	-	168	168	-
Free cash flow available for distribution ^(B)	\$ 38,799	\$ 32,951	\$ 5,848	\$ 102,684	\$ 90,310	\$ 12,374

Maintenance and Growth Capital and Landfill Expenditures

(in thousands)	Three months ended September 30			Nine months ended September 30		
	2006	2005	Change	2006	2005	Change
Total	\$ 34,603	\$ 25,238	\$ 9,365	\$ 99,569	\$ 75,198	\$ 24,371
Maintenance:						
Canada	\$ 4,493	\$ 3,355	\$ 1,138	\$ 13,127	\$ 12,959	\$ 168
U.S.	\$ 9,442	\$ 9,872	\$ (430)	\$ 27,625	\$ 24,403	\$ 3,222
Growth:						
Canada	\$ 4,888	\$ 4,122	\$ 766	\$ 19,658	\$ 10,955	\$ 8,703
U.S.	\$ 15,780	\$ 7,889	\$ 7,891	\$ 39,159	\$ 26,881	\$ 12,278

Three and nine months ended September 30

Maintenance Capital and Landfill Expenditures (“Maintenance Expenditures”)

The Canadian segment increases are due principally to the timing and receipt of, and increasing cost to purchase, vehicles and equipment. Increases in the U.S. segment are related principally to a larger business base, increasing costs to purchase various capital and landfill assets, and higher expenditures incurred on account of landfill cell development and vehicle and equipment purchases, coupled with maintenance expenditures incurred for acquisitions completed through the Fund’s U.S. segments to September 2006.

Maintenance expenditures are generally concentrated in the first three quarters of each year, which may result in the declaration and payment of distributions that are in excess of free cash flow available for distribution^(B) for these quarters. For fiscal 2006, the Fund is again targeting an annual payout ratio below 90.0%, which is consistent with the Fund’s historical cumulative payout ratio of 85.3% from its inception to September 30, 2006.

Three and nine months ended September 30

Growth Capital and Landfill Expenditures (“Growth Expenditures”)

Growth expenditures for the Fund’s Canadian and U.S. segment are principally on account of acquired land for future landfill expansion, vehicles, equipment and containers to service organic revenue growth, including new contracts, and landfill cell development which benefits a future period or periods.

Growth expenditures represent capital required to meet the demands of acquired or organic growth or capital that specifically benefits a future period or periods. For 2006, management expects to incur growth expenditures to develop landfill airspace capacity that will benefit a future period or periods and to grow the Fund’s collection operations.



Distributions

In August 2006, the Fund increased its distribution rate by an additional 7.1% to an annualized rate of \$1.818 per trust unit and participating preferred share beginning with the distribution payable on September 15, 2006 to trust unitholders and participating preferred shareholders of record on August 31, 2006.

The Fund declared distributions to trust unitholders and participating preferred shareholders for the three and nine months ending September 30, 2006, totalling \$0.44 and \$1.29, respectively, per weighted average trust unit and participating preferred share. The Fund declared a distribution payable to unitholders of record on September 30, 2006, payable October 16, 2006, of \$0.1515 per trust unit and participating preferred share.

Long-term debt

Summarized details of the Fund's long-term debt facilities are as follows:

	Available lending	Facility drawn at September 30, 2006	Letters of credit (not reported as long-term debt on the Consolidated Balance Sheets)	Current available capacity
Canadian long-term debt facilities - stated in Canadian dollars				
Senior secured debentures, series A	\$ 47,000	\$ 47,000	\$ -	\$ -
Senior secured debentures, series B	\$ 58,000	\$ 58,000	\$ -	\$ -
Revolving credit facility	\$ 80,000	\$ 43,500	\$ 22,455	\$ 14,045
U.S. long-term debt facilities - stated in U.S. dollars				
Term loan	\$ 195,000	\$ 195,000	\$ -	\$ -
Revolving credit facility	\$ 255,000	\$ 89,500	\$ 102,362	\$ 63,138
IRB	\$ 45,000	\$ 37,000	\$ -	\$ 8,000

Both the Canadian and U.S. long-term debt facilities have an accordion feature which can increase the available capacity of the Canadian revolving credit facility from \$80,000 to \$120,000 and can increase the available capacity of the U.S. term loan and revolving credit facility from U.S. \$385,000, in aggregate, to U.S. \$550,000, in aggregate, subject to certain restrictions. The Fund exercised a portion of its accordion feature available through its U.S. term loan and revolving credit facility. Available lending under the U.S. term loan and revolving credit facility increased by U.S. \$10,000 and U.S. \$55,000 to U.S. \$195,000 and U.S. \$255,000, respectively.

Definitions of EBITDA and free cash flow available for distribution

^(A) All references to "EBITDA" in this press release are to "income before the following" on the consolidated statement of operations. "Income before the following" excludes some or all of the following: "amortization, interest on long-term debt, financing costs, net gain or loss on sale of capital and landfill assets, net gain or loss on derivative financial instruments, foreign exchange gain or loss, write-off of deferred financing costs, other expenses, income taxes, and non-controlling interest". EBITDA is a term used by the Fund that does not have a standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and is therefore unlikely to be comparable to similar measures used by other issuers. EBITDA is a measure of the Fund's operating profitability, and by definition, excludes certain items as detailed above. These items are viewed by management as either non-cash (in the case of amortization, certain financing costs, write-off of deferred financing costs, net gain or loss on derivative financial instruments, foreign exchange gain or loss, and future income taxes) or non-operating (in the case of interest on long-term debt, net gain or loss on sale of capital and landfill assets, certain financing costs, other expenses, current income taxes, and non-controlling interest). EBITDA is a useful financial and operating metric for investors as it represents a starting point in the determination of free cash flow available for distribution^(B). The underlying reasons for exclusion of each item are as follows:

Amortization - as a non-cash item amortization has no impact on the determination of free cash flow available for distribution^(B).

Interest on long-term debt - interest on long-term debt is a function of the Fund's debt/equity mix and interest rates; as such, it reflects the treasury/financing activities of the Fund and represents a different class of expense than those included in EBITDA.

Financing costs - financing costs are a function of the Fund's treasury/financing activities and represents a different class of expense than those included in EBITDA.

Net gain or loss on sale of capital and landfill assets - the net gain or loss on sale of capital and landfill assets has no impact on the determination of free cash flow available for distribution^(B), because the proceeds were either reinvested in other capital assets or used to repay the Fund's revolving credit facility.



Net gain or loss on derivative financial instruments – as non-cash items, gains or losses on derivative financial instruments have no impact on the determination of free cash flow available for distribution^(B).

Foreign exchange gain or loss – as non-cash items, foreign exchange gains or losses have no impact on the determination of free cash flow available for distribution^(B).

Write-off of deferred financing costs – as a non-cash item, write-off of deferred financing costs has no impact on the determination of free cash flow available for distribution^(B).

Other expenses – other expenses represent amounts paid to management of the Fund on the closing the IESI acquisition and are not considered an expense indicative of continuing operations. Accordingly, other expenses represent a different class of expense than those included in EBITDA.

Income taxes – income taxes are a function of tax laws and rates and are affected by matters which are separate from the daily operations of the Fund.

Non-controlling interest – non-controlling interest represents a direct non-controlling equity interest in IESI through participating preferred share holdings. Accordingly, non-controlling interest represents a different class of expense than those included in EBITDA.

^(B) The Fund has adopted a measurement called “free cash flow available for distribution” to supplement net income as a measure of operating performance. Free cash flow available for distribution is a term which does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures used by other issuers. The objective of presenting this non-GAAP measure is to calculate the amount which is available for distribution to trust unitholders and participating preferred shareholders. Participating preferred share holdings are presented as non-controlling interest in the consolidated financial statements of the Fund; however, management of the Fund have elected to include the shareholdings of the participating preferred shareholders in the calculation of free cash flow available for distribution as participating preferred shares receive distributions that are economically equivalent to those received by trust unitholders and participating preferred shares are exchangeable on a one-to-one basis for trust units of the Fund. Details of the calculation are included in the “Other Performance Measures – *Free cash flow available for distribution*^(B)” section of the Fund’s MD&A. Free cash flow available for distribution is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to cash flow as a measure of liquidity. All references to “free cash flow available for distribution” in this press release have the meaning set out in this note.

Forward-looking statements

This document may contain forward-looking statements relating to the Fund’s operations or to the environment in which it operates, which are based on the Fund’s operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, or are beyond the Fund’s control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in the Fund’s Annual Information Form for the period ended December 31, 2005. Consequently, readers should not rely on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. Although the forward-looking statements contained herein 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, and 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.

The Fund, through its operating subsidiaries, is one of North America’s largest full-service waste management companies, providing non-hazardous solid waste collection and disposal services for municipal, commercial, industrial and residential customers in five Canadian provinces and nine states in the United States. The Fund serves over one million customers with vertically integrated collection and disposal assets. The Fund’s Canadian segment operates under the BFI Canada brand and is Canada’s second largest full-service waste management company providing integrated non-hazardous solid waste collection and landfill disposal services in the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec. The Canadian segment operates one and owns and operates four landfills, carries on solid waste collection operations in 19 markets and operates four transfer collection stations, seven material recovery facilities (“MRFs”) and one landfill gas to energy facility. The Fund’s U.S. operations provide integrated non-hazardous solid waste collection and landfill disposal services in two geographic regions as follows: the south, consisting of various service areas in Texas, Louisiana, Oklahoma, Arkansas and Missouri, and the northeast, consisting of various service areas in New York, New Jersey, Pennsylvania and Maryland. The U.S. south and northeast segments operate in 35 markets, and include 41 collection operations, 23 transfer stations, 17 landfills and six recycling facilities. The Fund’s units are listed on the Toronto Stock Exchange under the symbol BFC.UN. For more information on the Fund, visit www.bficanada.com.



Further information:

BFI Canada Income Fund
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Management will hold a conference call on November 7, 2006 at 8:30 am (EST) to discuss results for the three and nine months ended September 30, 2006. To access the call, participants should dial 1-800-814-4857, at approximately 8:20 am (EST). The conference call will also be webcast live at www.bficanada.com or www.ccnmatthews.com and subsequently archived on the BFI Canada web site.

A rebroadcast of the call will be available until midnight on November 14, 2006. To access the rebroadcast, dial 1-877-289-8525 and quote the reservation number 21207288#.



BFI CANADA INCOME FUND

Consolidated Balance Sheets

September 30, 2006 (unaudited) and December 31, 2005 (in thousands of dollars)

	September 30, 2006	December 31, 2005
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 6,937	\$ 14,142
Accounts receivable	92,157	81,855
Other receivables	1,692	1,464
Prepaid expenses	11,093	10,953
	111,879	108,414
OTHER RECEIVABLES	1,501	1,518
FUNDED LANDFILL POST-CLOSURE COSTS	3,794	2,468
INTANGIBLES	71,650	84,503
GOODWILL	466,831	466,628
DEFERRED COSTS	14,214	13,478
DEFERRED FINANCING COSTS	6,260	6,577
CAPITAL ASSETS	309,031	292,495
LANDFILL ASSETS	707,889	739,226
FUTURE INCOME TAX ASSETS	-	2,435
	\$ 1,693,049	\$ 1,717,742
LIABILITIES		
CURRENT		
Accounts payable	\$ 45,646	\$ 50,949
Accrued charges	53,092	45,172
Distribution payable	9,907	9,253
Income taxes payable	530	1,243
Deferred revenues	10,370	9,197
Current portion of long-term debt	98	29,718
	119,643	145,532
LONG-TERM DEBT	507,069	420,398
LANDFILL CLOSURE AND POST-CLOSURE COSTS	60,789	66,405
OTHER LIABILITIES	2,190	515
FUTURE INCOME TAX LIABILITIES	25,739	26,741
	715,430	659,591
NON-CONTROLLING INTEREST	285,531	312,614
UNITHOLDERS' EQUITY	692,088	745,537
	\$ 1,693,049	\$ 1,717,742



BFI CANADA INCOME FUND

Consolidated Statements of Operations

For the periods ended September 30, 2006 and September 30, 2005 (unaudited - in thousands of dollars, except net income per trust unit amounts)

	Three months ended		Nine months ended	
	2006	2005	2006	2005
REVENUES	\$ 199,981	\$ 182,716	\$ 571,500	\$ 499,537
EXPENSES				
OPERATING	111,991	103,911	324,433	281,026
SELLING, GENERAL AND ADMINISTRATION	23,535	21,811	71,385	61,924
INCOME BEFORE THE FOLLOWING	64,455	56,994	175,682	156,587
AMORTIZATION	38,587	38,753	110,831	108,745
INTEREST ON LONG-TERM DEBT	8,767	7,204	24,996	19,510
FINANCING COSTS	-	-	79	36,710
NET GAIN ON SALE OF CAPITAL ASSETS	(54)	(30)	(409)	(30)
NET LOSS (GAIN) ON DERIVATIVE FINANCIAL INSTRUMENTS	3,260	(9,610)	(539)	(10,723)
FOREIGN EXCHANGE (GAIN) LOSS	(809)	10,199	6,051	11,173
OTHER EXPENSES	28	461	187	2,072
INCOME (LOSS) BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	14,676	10,017	34,486	(10,870)
INCOME TAX EXPENSE (RECOVERY)				
Current	618	1,253	2,234	2,948
Future	582	510	2,570	(21,037)
	1,200	1,763	4,804	(18,089)
INCOME BEFORE NON-CONTROLLING INTEREST	13,476	8,254	29,682	7,219
NON-CONTROLLING INTEREST	2,427	1,958	5,345	1,629
NET INCOME	\$ 11,049	\$ 6,296	\$ 24,337	\$ 5,590
Net income per trust unit, basic and diluted	\$ 0.21	\$ 0.13	\$ 0.46	\$ 0.12
Weighted average number of trust units outstanding (thousands), basic	53,617	49,879	53,469	46,263
Weighted average number of trust units outstanding (thousands), diluted	65,391	65,391	65,391	62,541

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BFI CANADA INCOME FUND

Consolidated Statements of Cash Flows

For the periods ended September 30, 2006 and September 30, 2005 (unaudited - in thousands of dollars)

	Three months ended		Nine months ended	
	2006	2005	2006	2005
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income	\$ 11,049	\$ 6,296	\$ 24,337	\$ 5,590
Items not affecting cash				
Amortization of intangibles	4,840	5,090	14,565	15,247
Amortization of deferred financing costs	337	367	1,012	1,037
Amortization of capital assets	14,281	14,223	41,721	42,108
Amortization of landfill assets	19,129	19,073	53,533	50,353
Net gain on disposal of capital assets	(54)	(30)	(409)	(30)
Deferred costs	91	36	418	862
Write-off of deferred financing costs	-	-	79	367
Accretion of landfill closure and post-closure costs	752	724	2,196	2,067
Unrealized foreign exchange (gain) loss	(48)	10,235	8,096	11,085
Future income taxes	582	510	2,570	(21,037)
Net loss (gain) on derivative financial instruments	3,260	(9,610)	(539)	(10,723)
Non-controlling interest	2,427	1,958	5,345	1,629
Landfill closure and post-closure expenditures	(2,325)	(4,572)	(11,533)	(8,278)
	54,321	44,300	141,391	90,277
Changes in non-cash working capital items	(1,813)	(4,726)	(12,114)	(14,832)
Cash generated from operating activities	52,508	39,574	129,277	75,445
INVESTING				
Acquisitions	(16,050)	(11,857)	(19,728)	(140,332)
Investment in other receivables	-	-	(1,484)	-
Proceeds from other receivables	313	230	1,131	835
Funded landfill post-closure costs	(925)	(276)	(2,123)	(686)
Purchase of capital assets	(19,867)	(11,339)	(60,195)	(36,231)
Purchase of landfill assets	(14,736)	(13,899)	(39,374)	(38,967)
Proceeds on disposal of capital assets	341	243	1,141	243
Investment in deferred costs	(514)	(1,092)	(1,118)	(1,567)
Cash utilized in investing activities	(51,438)	(37,990)	(121,750)	(216,705)
FINANCING				
Payment of deferred financing costs	(277)	-	(998)	(4,033)
Proceeds from term and revolving loan	71,069	61,171	152,137	465,994
Repayment of revolving loan and acquired long-term debt	(39,386)	(36,114)	(80,370)	(601,607)
Issuance of trust units net of issuance costs	(1)	-	(46)	351,717
Withholding taxes on foreign source income	(592)	-	(1,762)	-
Distributions paid to unitholders and participating preferred shareholders	(28,375)	(26,417)	(83,929)	(69,850)
Cash generated from (utilized in) financing activities	2,438	(1,360)	(14,968)	142,221
Effect of foreign exchange changes on foreign cash and cash equivalents	13	(138)	236	(163)
NET CASH INFLOW (OUTFLOW)	3,521	86	(7,205)	798
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,416	13,994	14,142	13,282
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 6,937	\$ 14,080	\$ 6,937	\$ 14,080



BFI CANADA INCOME FUND

Consolidated Statements of Unitholders' Equity

For the periods ended September 30, 2006 and September 30, 2005 (unaudited - in thousands of dollars)

	Three months ended		Nine months ended	
	2006	2005	2006	2005
BALANCE, BEGINNING OF PERIOD	\$ 704,815	\$ 730,113	\$ 745,537	\$ 209,093
Net income	11,049	6,296	24,337	5,590
Issuance of trust units, net of issuance costs and related tax effect	(1)	-	(46)	385,719
Issuance of trust units on exchange of participating preferred shares	-	164	17,197	174,243
Distributions	(23,802)	(20,672)	(69,352)	(56,210)
Foreign tax credit distributed to unitholders	(592)	-	(1,762)	-
Cumulative foreign currency translation adjustment	619	(32,885)	(23,823)	(35,419)
BALANCE, END OF PERIOD	\$ 692,088	\$ 683,016	\$ 692,088	\$ 683,016