



BFI CANADA INCOME FUND

THIRD QUARTER 2007

CONFERENCE CALL

NOVEMBER 13, 2007

OPERATOR: Good morning ladies and gentlemen. Thank you for standing by. Welcome to the BFI Canada Income Fund Third Quarter Results Conference Call. 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 is being recorded today Tuesday, November 13, 2007, at 8:30 a.m., Eastern Time. I would now like to turn the conference over to Chaya Cooperberg, Director, Investor Relations and Corporate Communications. Please go ahead.

CHAYA COOPERBERG (DIRECTOR, INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS): Thank you, and thank you all for joining us this morning. On the call is Keith Carrigan, Vice Chairman and Chief Executive Officer and Tom Cowee, Vice President and Chief Financial Officer, both of whom will be providing comments on the Company's performance for the three and nine months ended September 30, 2007. Also on the call today are Mickey Flood, President and Joe Quarin, Executive Vice President and Canadian Chief Operating Officer each of whom 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 on 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 description of the risks affecting our business and industry. We hope you've had a chance to review the news release; if not, please log on to our website at www.bficanada.com for a copy. A telephone replay of this conference will be available until midnight on November 27 at 416-640-1917 or 1-877-289-8525, reservation number 21250205; 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 CHIEF EXECUTIVE OFFICER): Good morning everyone and welcome to the call. I would like to begin by stating that we are very please with our solid results that we are reporting in the third quarter. We continue to advance our growth strategy through organic activities and through key acquisitions resulting of a strong financial performance and then asset base that we believe is well positioned for the future.

I'll begin today's discussion with some highlights of our achievements for the quarter and year-to-date, after my comments Tom will provide a more detailed review of our financial results. For the three months ended September 30, 2007, consolidated revenues increased 19.3% period-over-period or \$38.5 million to \$238.5 million. Year-to-date revenues increased 16.6% or \$94.8 million to a total of \$666.3 million. As you know we translate our US operating results in the Canadian dollars for reporting purposes. With nearly two-thirds of the Company's revenues generated in the US, the soaring Canadian dollar has obscured our true growth in operational strength in the quarter. Tom will discuss the impact of the foreign exchange rate in his comments and we will also provide details of the foreign currency exchange impact on the Fund's consolidated results in our MD&A.

If we exclude the \$9.7 million impact of foreign currency exchange for the quarter and \$10.6 million year-to-date total consolidated revenue

growth year-over-year was 24.1% or \$48.3 million in the quarter an 18.4% or \$105.4 million year-to-date. Contributions from acquisition in the past year represented a substantial portion of our growth. Growth from acquisitions in fact represented approximately \$26.2 million of the revenue increase in the quarter and \$47.5 million year-to-date.

Identifying and integrating both platform and tuck-in acquisitions over the past several years has also provided us with the extremely competitive asset base and market positioning we enjoy today. We view acquisitions as a core element in our continuous improvement model and as you can see we continue to be active in the third quarter.

Back in the quarter we completed one new market acquisition in our Canadian segment and completed six tuck-in acquisitions for aggregate cash consideration of \$12.5 million. In addition we completed the acquisition of Winters Bros. Waste Systems a leading integrated waste service provider based in Long Island. Winters Bros. is a strategic platform that is already helping us to better leverage our transfer and landfill assets in the US northeast.

Since the acquisition our team in the northeast region has worked very closely with the Winters Bros. group to integrate operations, systems and processes. We look forward to see all the benefits of this acquisition over time as we fully realize the synergies and execute the strategies available in our combined assets.

Our total revenue growth in the quarter was also the result of such strong organic revenues. Organic revenues excluding acquisitions, fuel and environmental surcharges and foreign currency translation contributed \$19 million to the aggregate revenue growth in the quarter and \$51.1 million year-to-date. Organic revenues grew by 11% in Canada and 9.2% in the US in the third quarter, which translated to growth of 12% and 7.5% respectively year-to-date. This strong organic performance we believe is a result of our market focus strategies.

We are committed to continuing to create value for our investors through both internal and external growth initiatives. The strong revenue performance delivered EBITDA of \$76.1 million in the quarter an increase of 18% and \$206.2 million year-to-date an increase of 17.4%. If we exclude the impact of foreign exchange EBITDA increased 22.3% in the quarter and 19% for year-to-date.

Free cash flow available for distribution increased 23.8% to \$48 million in the quarter and increased 17.8% to \$120.9 million year-to-date. On a per unit basis free cash flow available for distribution was \$0.70 in the third quarter compared to \$0.59 in the same quarter last year an increase of 18.6%. Our annual distributions remain at \$1.8180 per trust unit and therefore our payout ratio in the third quarter was 65.1% and it is 76.2% year-to-date.

Excluding the affect of foreign currency hedges that we have in place until February 2008 our payout ratio was 67.8% in the quarter and 78.7% year-to-date. Accordingly, we believe we are in a comfortable position to continue paying out distribution at this level following the lapse of our foreign currency hedge agreement despite the fluctuations in the foreign exchange rate.

So, if we look ahead to the balance of the year and into next year we note that we are well positioned in what appears to still be a strong pricing environment in our sector. I will mention however, that we are seeing some economic softness in the US northeast, but continued strength in the US south and in Canada, most notably in the western region of Canada.

In addition, as a result of the combination of a weakened US dollar coupled with rising oil prices we will look to increase fuel surcharges particularity in the US. Despite what appears to be a slowing in the US northeast, I believe that our asset base has never been in better shape.

In the third quarter we received all the necessary permits for the expansion of our Seneca Meadows landfill which based on current annual volumes will extend the site life through 2023. In Canada we received an operating permit to continue operations at our Calgary landfill through the year 2010. And so we are pleased with our position as we enter the final months of 2007 and look forward to 2008.

And other news, I would like to thank Iain Ronald, who has been a Trustee of the Fund since 2002, and who was our non Executive Chairman until 2006. Iain retired effective November 11th of this year and in his place we welcome back Doug Knight as a Trustee of the Fund. Doug who is President of St Joseph Media was a Trustee of the Fund between April 2002 and January 2005. With his extensive background in media and publishing and his entrepreneurial experience in both Canada and the US Doug will once again be a valuable member of our board. I would like to now turn the call over to Tom Cowee of further review of our financial results. Tom.

THOMAS COWEE (VICE PRESIDENT AND CHIEF FINANCIAL OFFICER): Thanks Keith, and good morning everyone. I like to start off with some comments on the strength of the Canadian dollar and the impact it has had on the translation of our US operating results. Our third quarter results were translated at an average exchange rate of \$1.045. This compares to \$ 1.121 in the third quarter a year ago and \$1.172 at the beginning of this year.

Foreign currency exchange rate is softening the growth of our reported financial results as Keith outlined there was an impact of \$9.7 million to our reported revenues for the quarter as a result of foreign currency translation. However, I will remind everyone that from an

operating standpoint a significant portion of our business has a natural currency hedge. All capital and landfill expenditures operating and SG&A expenses, interest and cash income taxes originating in the US are settled in US currency generated from our US operations.

I will also point out that we do benefit from the strong Canadian dollar when we purchase equipment in the US for Canadian operations. Even with this foreign exchange impact we still achieved growth in the US. In the third quarter revenues grew 22.5% in each of our US south and northeast segments. For the quarter EBITDA and the US south grew 42.8% while EBITDA in the northeast increased 11.1%.

I would like to remind everyone that when forecasting the Fund's financial performance to please bear in mind that the impact of foreign exchange will have on the Fund's translated operating numbers. In terms of the impact of FX on unitholder distributions we do have a hedge on our US originated free cash flow available for distribution which allows us to purchase C\$4.5 million monthly at C\$1.22 these hedges expire in February 2008. Given the present FX environment we do not have plans to enter into additional hedging agreements on their lapse. However, we do have some discretion in determining how much of the distributions to fund from the US and an effort to mitigate the foreign currency exposure.

Now, I will turn to our income statement and begin discussion with operating expenses. Operating expenses were up 21.2% in the third

quarter compared to last year and are primarily the result of higher collected waste volumes coupled with higher costs to serve new and existing customers and acquisitions.

SG&A expenses in the third quarter increased about \$3 million due in large parts of organic and acquisition growth. Amortization expense increased \$2.9 million in the third quarter due mainly to acquisitions and acquired growth capital through 2006 and 2007. Amortization in the Canadian segment declined in the quarter due principally to the revision of landfill asset amortization rates at our Calgary landfill site.

At the end of the quarter long-term debt was \$797.2 million up from \$506.8 million recorded at the end of the second quarter. Financing acquisition revolve with revolving credit facility advances is the primary cause for the increase. Concurrent with the closing of the Winters Bros. acquisition we entered into a third amendment to our amended and restated revolving credit facility and term loan agreement in the US, which increased the total available capacity by US \$320 million. The increase in borrowing costs on our revolving credit facility advances were partially offset by lower borrowing cost from US segment IRB financing. As a result interest expense increased by \$2 million in the quarter compared in the same period a year ago.

At September 30, our long-term debt capacity in Canada and the US is C\$57.3 million and US\$81 million respectively. On a consolidated basis

the Fund's long term debt to last 12 month actual EBITDA ratio is 2.99 times. Of the condition of the amended credit facility in the US we now are required to maintain no less than 40% of our total funded US debt on a fixed rate basis. To accomplish this increase percentage we entered into some new interest rate swaps. As of September 30, we now have \$273 million worth interest rate swaps in place. For additional details of these hedges please see note 12 in our September 30, 2007 financials.

Moving to capital and landfill expenditures, we remain on track to meet our maintenance capital expenditure expectation for the year, which is C\$18 million to C\$20 million for our Canadian platform and \$31 million to \$33 million for our US platform.

Our maintenance spending in the third quarter totaled \$14.5 million and year-to-date maintenance expenditures were \$44.9 million. Growth expenditures in the third quarter totaled \$25.2 million up 22% over the same quarter last year. Higher landfill cell construction and municipal contract wins in the Fund's US south segment are the primary reasons for the increase. That brings me to the end of my prepared remarks, and now I would like to ask the operator to open the lines for questions.

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 that 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.

THOMAS COWEE: Good morning.

<A>: Good morning.

SOPHIA TAYLOR: My first question has to do – first of all congratulations on a good quarter very strong.

KEITH CARRIGAN: Thank you.

SOPHIA TAYLOR: My first question has to do with your outlook for, I guess your US northeast segment, you mentioned that you are seeing economic softness, I'm wondering if you could elaborate on that please for

us in terms of, I guess when you started seeing it, in what areas you have started seeing it and perhaps to the extent if possible?

KEITH CARRIGAN: Well, I think in the last quarter call Sophia, we did announce at that point we are beginning to see a little bit of softness in the northeast and we are seeing a little bit of softness that continues principally with the transferred operations in the northeast. I would like to also just couple that with you is with the fact that there has been some new disposal capacity that has been brought on through the development of one new site and Casella opened or expanded a site that was a very near our Seneca site.

So we have a combination of two things going on, first one; little bit of softness and you know, it's hard to peg exactly what that softness is, but we think it's probably, you know, a few percentage points, it's basically C&D. And we do a little bit of C&D at the Winters Bros. acquisition, although I would tell you that it's not material to our – you won't find it material to our results. So, I think that the two things you have is some new capacity in the northeast and you have a little bit of softness in the C&D market.

SOPHIA TAYLOR: Okay. Thank you. You mentioned the fuel surcharges up and coming in the US, I was wondering if you could perhaps give us an idea of, I guess their percentage increase we've seen in Q3 that

is related to fuel and environmental surcharges and perhaps comparing that to what you see going forward?

KEITH CARRIGAN: Well, as in Q3 it was – it really was marginal, there wasn't significant number, the increase was not significant and in fact we are doing very well with our surcharges in the US and environmental surcharges in the US. So, we expected that that will continue, I did want to make note. However, is that with the raise of the dollar particularly in this last quarter that we will be looking to raise those surcharges again next year and by the way that goes for Canada as well.

In Canada we've traditionally been able to recapture 100% of the surcharges. We are in the states, it's typically a delay and so we will run about 80% to 85%. So theoretically if we continue running that way with arrays then you expect that on those surcharges we might lose a percentage point or two just in a delay, but again I wanted to say to you that that is only one or two points on the surcharge itself which is again is not material, but we would like to just acknowledge that to you.

SOPHIA TAYLOR: Okay. Last question and then I will line up again but with respect to all of the acquisitions made in the quarter. I was looking for perhaps a bit of color on where they were and what they were and perhaps an average overall multiple to the extent that, you know, it may fall in or out of your historic ranges?

KEITH CARRIGAN: Well, the majority of them were smaller tuck-in as we identify just by number the dollar amount that we are talking. Four of them came in the south and they were tucking into recently existing markets, one was rather nice we are able to tuck-in to our southern Louisiana market that you know that we are building a real strong foothold in right now.

So we are very pleased about that, other were Canada, one was a new market for us in Ontario which we are also very, very pleased about because clearly city of Toronto is moving north and we were just gravitating north ourselves without a base. So now clearly we have a base with the transfer operation as well that will deliver waste to our Ridge landfill. So we are very pleased about that and clearly there was a tuck-in in New York City and in addition to that obviously, the Winters Bros. acquisition.

SOPHIA TAYLOR: And then multiple range?

KEITH CARRIGAN: Well, typically the – other than Winters which we have discussed previously those ranges – as we always typically are in our tuck-in it usually range in that 4 to 6 times EBITDA.

SOPHIA TAYLOR: Great. Thanks very much.

KEITH CARRIGAN: You are welcome.

OPERATOR: Your next question comes from Caroline Dennis of National Bank. Please go ahead.

CAROLYN DENNIS: Good morning.

KEITH CARRIGAN: Good morning, Carol.

CAROLYN DENNIS: Okay. So just on pricing you mentioned that you saw the pricing environment remaining strong, I was wondering if you can give a little more color between Canada and the US and also between collections and landfill and perhaps commercial necessity?

KEITH CARRIGAN: Yeah, we are finding, you know, we use pricing probably a little differently we use it more of a tool as a tool and so typically we again that we've discussed we look at every market and we say, you know, what's our opportunity value in this market, what's going on, you know, with the competition and in total organic growth in that particular market and we will set a strategy and that could be an aggressive pricing strategy on the other hand it could – might be an aggressive volume strategy.

So clearly though we have been able to use price as a tool and very successful in Canada so we are seeing price move and we are seeing significant volume increases in Canada as well. In the south we are benefiting both from significant price and significant volume increases and in the northeast, you know, we've just really brought on the Winters Bros.

which gives us that asset base to increase both our volume and the price. So we think we are going to see more of that but typically pricing has really just been out of our landfills in the northeast and I would say that that's been marginal pricing is, it's typically I think we are finding in most of the landfills.

Now, our definition of marginal might be a little different than other folks, you know, we get 3% or 4% price we see that as marginal other people may see that as good pricing.

CAROLYN DENNIS: Okay. And then just on the pricing, and do you have an exposure to C&Ds or have you – what are you seeing there right now, obviously you are doing really well there but?

KEITH CARRIGAN: We are seeing – actually seeing no drop in C&D at all in the south.

CAROLYN DENNIS: Okay. Then just back on the pricing, in terms of competitive landscape again are you seeing like, I know you are using it as a tool and other competitors may as well just wondering if you are seeing any price cutting in certain markets or is overall you are seeing any pricing mix being rational?

KEITH CARRIGAN: No Carol, I think as most of the companies have been reporting -- they have been seeing, you know, a fairly good pricing environment and so I think typically speaking we are seeing that the pricing is moving positively in most of the regions at this stage and then,

you know, as I say we are seeing a little bit of softness in the northeast so we will see what happens in the northeast and as I say I think we are seeing a little bit of redistribution of volumes in some areas as well in the landfills and I think that's just some of it, it's just a little bit of reshuffling as I mentioned in the northeast there has been some expansion and we add some selling and reorganization of assets in the Quebec area as well. So we are seeing a little bit of reorganization of the waste stream in the Quebec market as well.

CAROLYN DENNIS: Okay. Then just my next question is on the distribution and I'm wondering you are saying that you could – you had the discussion on the amount that you came forth in the US in terms of funding the distribution. I'm wondering is it possible to source the entire distribution from the Canadian profits?

THOMAS COWEE: The answer to that Carol is we probably could on a one time or two three four months basis, but I don't think that would be a long term strategy that we would – that eventually we would run our Canadian facility drive. We would necessarily want to be there from an acquisition standpoint. But it's surely something that we could do if we wanted to, but I don't think we would ever get to the point where we would be zero and we still have even once ahead is fall off, but we would still have some preferred stock down in the US that where we would probably fund right out of the US operations.

CAROLINE DENNIS: Okay. Thank you very much. That's it for me.

THOMAS COWEE: Thanks Carolyn.

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

WALTER SPRACKLIN: Good morning. Just on your -- the softness in the US northeast you had mentioned that's a few percentage points?

KEITH CARRIGAN: Yeah, just on the C&D we talked about.

WALTER SPRACKLIN: No, the percentage points on the overall operation, I'm just wondering because C&D is always pointed toward -- fairly low exposure and I am just wondering how C&D can have that much of a percentage increase whereas impact on your overall results.

KEITH CARRIGAN: Yeah, I was saying a few percentage point of the total C&D that we handle in that marketplace.

WALTER SPRACKLIN: Okay. Now you -- the new capacity that was coming on that couldn't have been a surprise, you obviously in Seneca, so we are seeing more capacity come on that's impacting your northeast is there any other areas in your operations that have significant new capacity coming on my competitors that you are fairly aware of?

KEITH CARRIGAN: No, not at all.

WALTER SPRACKLIN: So no market is there any other new capacity coming on?

KEITH CARRIGAN: No, actually we even have a couple of spots in Texas where we have actually gained capacity one particular area which management recently has closed to landfill that now is resulted in more volume moving to one of our landfills.

WALTER SPRACKLIN: Okay. On the Buffalo Plains you had mentioned that there was some things that you are going to be looking into in terms of getting their regulatory approvals for that you are hoping in October election municipally would improve the political standing there, has that occurred and do you – or do you view that as favorable?

KEITH CARRIGAN: Well, you know, I don't want to discuss details of planning, I don't think from a competitive point of view Walter, that that is going to be to anyone's benefit to talk about our strategies in a given marketplace. Other than to say that we are proceeding with Buffalo Plains and you know we don't feel that we are in on any set back position at this time and if we are then I will absolutely report it to everyone.

WALTER SPRACKLIN: But there has been – has there been any changes, any – so there has been no set back since last time?

KEITH CARRIGAN: No, no we do not believe so.

WALTER SPRACKLIN: Okay. On your tuck-in acquisitions just wanted to – and Tom of course you can help me out here, there is –

obviously the 281 that you paid for Winters Bros. and Keith, did you mention there was 12.5 million in tuck-ins.

KEITH CARRIGAN: Yeah, we did

WALTER SPRACKLIN: Yeah, so I'm just wondering why then there is acquisitions of 326 million as reported.

THOMAS COWEE: If you go back to the press release we did on Winters, Walter that was done in US dollars.

WALTER SPRACKLIN: Right.

THOMAS COWEE: And the press release we did yesterday those are all Canadian dollars. So, it's the exchange rate.

WALTER SPRACKLIN: So the US exchange rate affected that you – at the 281 that was...?

THOMAS COWEE: Yes. But there may be a couple million dollar difference in the working capital or et cetera from the announcement but other than that it's basically the exchange rate.

WALTER SPRACKLIN: But I am getting \$40 million difference, I don't...?

JOE QUARIN: Walter, if you pull the financial statement there is note in there that has the purchase pricing equations.

WALTER SPRACKLIN: So, it was more than the 281?

JOE QUARIN: No, 281 plus the FX added both 10%, it's probably 7% to 8%.

WALTER SPRACKLIN: Yeah, now I understand that I guess the \$40 million difference is more than – explain to be more than the exchange rate.

THOMAS COWEE: No, no, Walter, the 281 is US 281.

WALTER SPRACKLIN: I understand.

JOE QUARIN: It's the FX plus we have got other US acquisitions with US FX. There is a note in our statements I think it's note 3.

WALTER SPRACKLIN: Yeah.

JOE QUARIN: It has the purchase price equation in it.

WALTER SPRACKLIN: Okay. All right, let me check that. And then in terms of your covenants, Tom perhaps you could talk to me about how are your – to what point you are comfortable, I know where your capacity is, but at what point are you comfortable with higher interest costs and what – and perhaps talk a bit about the market environment amendable to any other recourse?

THOMAS COWEE: Obviously, we raised our overall leverage when we did the Winters Bros. acquisition and the US, the total leverage is much higher than it is Canada, so we go with it. I think we have to look at every situation separately if we have the situation that comes up that we feel like we need this, and that raises temporarily our leverage we would continue to look at that as – on a strategic standpoint to determine whether or not it makes sense and if that raises our leverage up some and it could –

ultimately we have to do some other kind of structure to get the transaction accomplish we would do that as well. So we have to look at both scenarios and I don't think we are here to say that we won't move it up more or we won't move it down to somewhere, we are just going to ultimately to see how it progresses.

WALTER SPRACKLIN: You are happy to up to three and four times?

THOMAS COWEE: Well, again, I mean, permanently, no. Short term to get a transaction done maybe.

WALTER SPRACKLIN: Okay.

THOMAS COWEE: You know, I mean we just have to absolutely know where our competitors are in the US in terms of letting you leverage the balance sheet, I mean, you know, we obviously realize that we also have a higher distributions then those companies down in the US. But, you know it's a strategic acquisition and we need to get it done and you know, ultimately we would do that.

WALTER SPRACKLIN: Okay. That's all my questions. Thanks.

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

NAV MALIK: Well thanks. Good morning. Most of my questions have been answered, but on the Winters acquisition I am just wondering if you could comment on how that has progressed, I know it is going to be a couple of months but just in terms of operationally and may be you can give some of the synergies that you are talking about at the time of the acquisition?

KEITH CARRIGAN: Yeah, I think the – Nav, we are pleased, we are not seeing any surprises from the due diligence that we've done, other than I say – as I had mentioned previously we are seeing a little bit of C&D drop off in terms of volume, again not significant. Having said that all of the– the group of people from the Winters Bros. have stayed with us, we are integrating our management process into the Company. That's going very well, it's been received very well by the Winters group and so consequent we are now reporting in our structure and so that's – we are very pleased about that, you know, after one month we are able – to be able to get that done.

So, in addition to that I would like to mention that as we did through the acquisition the Winters Bros. at that time was still consolidating their waste management assets and to some extent the allied assets that continues and it is continuing at a pace that we are pleased about. In addition to that we have three transfer stations that we are putting some recycling equipment into and that is running slightly behind schedule. We

would have been happy to have them pretty much in place this month, my sense is that it's going to be more towards the end of the year, so by the end of December that we'll have them all in place and that diverse the waste stream for recycling as apposed to land filing.

So overall we are very, very pleased no surprises on the acquisition and now as we move into our planning for the northeast then we will now be integrating the Winters assets as part of the overall northeast process – planning process and strategies that we would run in the northeast. So, we will really start to – begin to see those strategies take place in the new year and so we are – it's right on plan where at terms to where we though would be, so we are very pleased with that.

NAV MALIK: Okay. So, I guess now you are referring to the 45 or 4600 tonnes per day that comes out of Winters?

KEITH CARRIGAN: Yeah. Well, that's right, we will be looking how they move.

NAV MALIK: Yeah.

KEITH CARRIGAN: And in terms of what is the over all pricing environment and volume strategies now within the northeast region and we really haven't prior to Winters Bros. being we really didn't have the assets to integrate full strategies into this region, whereas now we have so we are obviously very anxious to move those strategies forward in the northeast side.

NAV MALIK: Okay. I guess, you are staying on that -- in terms of acquisitions, I mean, what sort of acquisitions or what I guess is your outlook of, I guess, larger platforms that sort of thing, are you still aggressively looking and may what areas would you look at?

KEITH CARRIGAN: Well, you know we wouldn't discuss the areas, having said that though, our M&A group is out there. We are continuing to look at other opportunities going forward so, you know, my belief is that you will see a little more happening in the fourth quarter of this year. And we really now want to look to however to really build up our existing regions, tuck-in to those areas and complement the existing asset base that gives us the ability to run, you know, even, you know, more strategies within the given markets.

NAV MALIK: Okay. Then just lastly, margins, EBITDA margins, I noticed were down a bit in Canada and in the northeast, I guess, northeast might be a result of the economic weakness, they are up a bit in the south, but just generally could you comment, I mean is that a different mix?

KEITH CARRIGAN: Yeah, we -- what we are planning now are collection of assets.

NAV MALIK: Yeah.

KEITH CARRIGAN: In collection assets typically do not have the same margin the landfill assets do. So you will see margins move down, however, having said that again what we really want to focus on is free

cash flow. So if you look at the cash flow it's moving up significantly that's because we are generating a very nice return from those collection assets that we are acquiring. Though, again you have to be somewhat careful in terms of margins related to free cash flow and we focus our attention really on generating free cash flow on every asset that we have in this Company.

NAV MALIK: Okay. That's great. Thanks very much.

KEITH CARRIGAN: You welcome.

OPERATOR: Your next question comes from Nima Billou of Bloom Investment Council. Please go ahead.

NIMA BILLOU: Good morning and congratulations on a very strong quarter.

KEITH CARRIGAN: Good morning, Nima.

NIMA BILLOU: Quick question for you, I know, I mean, you obviously looked at discussed strategy, but in terms of sort of future acquisitions would it be more of a collection of like a Winters Bros. type of strategy in terms of grabbing collection assets, increasing density or are you also willing after new markets in terms of a completely new platform and combined with collection assets like IESI?

KEITH CARRIGAN: Sure. Well, clearly what we are looking to do is to create a given density in a given market – in any market. So we are

looking at a combination of assets, once we get to that certain combination then two things happen, I suppose, one is that we would then supplement that slightly up to a certain percentage of the market after that then we would like to proceed with an organic growth strategy. So we look at every single market literally on an ongoing basis, say, do we have the correct density that we are looking for in that marketplace and if not then we'll look to target a strategic tuck-in acquisition. And so that will continue, we will continue to look at those markets, we will continue in the areas that we would like to supplement those markets, we'll look to supplement them through tuck-in acquisitions.

In addition to that we will and are looking at various platforms, however, we will only move into a platform when we feel that we have strategic assets that we can acquire within that particular platform. So we really don't want to acquire into a platform where we believe we are going to be leveraged in the marketplace. And so consequently where we see that we can pickup that strategic combination of assets then we will move and execute in that platform as we – as you can see that we've been able to do with the Winters Bros. acquisition, and as I mentioned we acquired at the very -- and part of that acquisition was a collection Company, but it was also a transfer station which now ties into our landfill and gives us strategic advantage in that marketplace we believe.

NIMA BILLOU: Great. And the other question, you obviously taken bit of a view with respect to the dollar and not continuing your hedges, is there any thought especially if you look to US assets in borrowing in the Canadian marketplace from buying, you know, Canadian dollars and buying US assets?

THOMAS COWEE: I mean, the answer to that question is we are monitoring all our potential strategies that we would do related to acquisitions and that is surely one of the strategies that we could beside – that besides to going forward. At present time we have not done that but, you know, there are opportunities, if the situation exist that we need to do that that's absolutely a possibility.

NIMA BILLOU: Okay. Thanks.

KEITH CARRIGAN: We are obviously well positioned Nima to be able to do that right now.

NIMA BILLOU: Yeah.

KEITH CARRIGAN: So clearly when the time is right we will do that, I mean, you know, we did an equity raise earlier in the year and you know, Canadian dollar have paid off our – paid down our US facility. So, you know, the opportunities are avail themselves to us and that we will move to the most strategic generator of capital to be able to feed our balance sheet.

NIMA BILLOU: Yeah, you certainly don't want to use the FX or the reason to do it, but now is a good time as any given exchange rates stance.

KEITH CARRIGAN: Yeah, you bet, absolutely.

NIMA BILLOU: Okay. Thanks very much.

KEITH CARRIGAN: Thanks Nima.

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

JOHN GRANDY: Thanks and good morning.

KEITH CARRIGAN: Good morning John.

JOHN GRANDY: Now, there is just a bit of housekeeping, in your transaction you reported that we didn't understand it relates to cancellation of \$160 million of notes receivable from IESI, can you explain what that about?

THOMAS COWEE: Well, when the original transaction occurred between BFI Canada and IESI Corporation one of the ways that additional fund were moved down into the US to pay for some high yield bonds was through a inter Company note that was put in place. As part of the Winters Bros. transaction in order to fund the Winters Bros. transaction in the US we eliminated that inter Company note to keep the total funded debt-to-

EBITDA covenant in line with banks expectations to allows us to do that transaction.

JOHN GRANDY: Okay. So this doesn't hurt your ability to rigorous taxation in the United States?

THOMAS COWEE: Yeah, if you remember is kind of a very large and NOL in place in the US and so we – you know, it's a balancing act obviously we eliminated some interest expense and you gained a bunch of new interest expense from the additional acquisition of Winters Bros. and you know, so it's a balancing act, but we felt that based on ultimately what we want to do and where we stood with the NOL that have made – the business sense made – in the business case made sense to go ahead and do that.

JOHN GRANDY: I understand. Okay, thank you. Now, distributions, your payout ratio year-to-date 76% obviously gives you room to raise distributions, but I think it would be fair to say the market is giving you absolutely no credit for the affect in income trust and the distributions that you are paying. So in light of all that what is your thinking in terms of potential distribution increases going forward?

KEITH CARRIGAN: You know, we raise it at every one of our board meetings, John, and again it came up at this last board meeting. At this point we have no plans to raise distributions, we believe that the excess cash is going to generate more value in the corporation as we use it for

growth purposes and so at this stage and until our next board meeting when we review it again we will continue to use that capital for our growth purposes.

JOHN GRANDY: Yeah, that's a fair answer. Final question, which I suspect you will not answer is, if you could tell us what the revenue contribution from Winters Bros in September?

KEITH CARRIGAN: We don't – again you are absolutely -- we don't go through individual acquisitions.

JOHN GRANDY: Thank you for trying though.

KEITH CARRIGAN: Okay.

JOHN GRANDY: All right. Thanks.

OPERATOR: Your next question comes from Robert Silgado of Dundee Securities. Please go ahead.

ROBERT SILGARDO: Good morning gentleman.

KEITH CARRIGAN: Good morning, Rob.

ROBERT SILGARDO: One question on the acquisition landscape about given there has been some softness in the US economy is it easier on the multiples – do you see them coming down for the acquisitions that you could perhaps do?

KEITH CARRIGAN: You know, I don't think there has been enough time since the debt capital markets really collapsed in the summer, and we continue to see softness in the debt market. So, at this stage I think it's probably premature, one would think that, you know, access to capital is clearly little tighter for some people at this stage.

So assuming that the same demand is going to continue going forward then, you know economics would tell you that multiples might come down. But again, I am going to say to you that really is subject to market-by-market basis, and company-by-company basis, you know, some of it -- the fellows that have extremely strong assets in the market place particularly platforms they understand their position, they understand their leverage position and therefore they understand value and clearly then -- and also subject to the age of their assets will determine what that multiple might be. My suspicion is that for those types of companies, you know, they will continue to look for premium multiple, when they have premium Company.

Having said that, you know, we have a full market degrade itself, you know, subject to the debt capital market issue, you know, our sense is that it probably will, but you might just see more in the platforms rather in the documents.

ROBERT SILGARDO: Okay. That's it from me. Thanks.

KEITH CARRIGAN: Okay.

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 the keys. Your next question is a follow-up from Sophia Taylor of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: With respect to your plans to not increase the distribution, I am wondering if then there is a new general targeted payout ratio for the Fund?

KEITH CARRIGAN: No, we haven't discussed payout ratio at all Sophia. We are probably just looking at, you know, the market situation and you know, trying always to assess the best use in capital at any given time, and you know, at this particular time you know, we believe that the -- you know, the fundamentals and the math, our view that using capital for growth is going to generate a better return down the road for shareholders apposed to paying a distribution at this stage because we just don't see a lot of influx of capital coming into the trust sector at this time. If we see -- if we begin to see that change and we see that you know, we are going to be rewarded for our structure then at that stage, you know, the decision could change. But so that's why we are going to continue to review it, monitor

the market and then we will make – we will review it on an ongoing basis and make those decisions on an ongoing basis.

SOPHIA TAYLOR: Okay. Growth CapEx, you've given guidance for maintenance CapEx in '07. I am just wondering actually first on the maintenance CapEx, have you decided on guidance ranges for '08 and then I am also wondering about the tax overall?

KEITH CARRIGAN: We have not completed our review of '08 at this stage. I suspect that we will have that done it in the next few weeks. So – and that's for maintenance CapEx. And for growth, you know, we've - we don't expect some significant growth between now and the end of the year having said that, you know, this has been somewhat of an expensive year, we developed some significant airspace in both our Seneca sites and in Lachenaie and that gets a little lumpy, you know, cell development.

So, you know, eventually we started going up apposed to going sideways as you would like on our landfills in which case and that growth capital reduces itself in the landfills. So, as I say, it's been a little bit on the high to average side this year as it relates to those landfills.

SOPHIA TAYLOR: Great. Your net or rather the long-term debt to EBITDA ratio stated at 2.99 times, that's on actual EBITDA. I am wondering do you have the ratio calculated that adjust for the trailing impact of your acquisitions over the past year?

THOMAS COWEE: We made a comment when we announced the Winters Bros. transactions Sophia, and that's still on a pro forma basis in that where we think we are going to be.

SOPHIA TAYLOR: And that would be the major adjustment?

THOMAS COWEE: There is always other little adjustments related to other acquisitions, but that would be obviously the major one.

SOPHIA TAYLOR: Okay. Great. And then last question is just – I guess an accounting question in terms of the ARO amount, I think what we are seeing is a bit of the disclosure change, and that perhaps explains a bit of the increase that we are seeing. I was wondering if you could please elaborate on that?

THOMAS COWEE: The disclosure change relates to the maintaining capacity of our landfills it does not impact ARO in all, Sophia.

SOPHIA TAYLOR: Okay.

THOMAS COWEE: In the quarter ARO is up a little bit – primarily if you remember that the third quarter is our highest volume quarter of the year, and coupled with that, you know, in the third quarter we did some minor adjustments to the ratings in our Canadian landfills and those were adjusted prospectively.

SOPHIA TAYLOR: So then just regarding the accounting change where does that show up?

THOMAS COWEE: Well, that ultimately would affect our amortization rates or depreciation rates on our landfills, it's not in the ARO, which is maintenance capital. And it would affect on the cash flow basis the maintenance capital.

SOPHIA TAYLOR: I see, so it's included in the maintenance CapEx, but then that being said, you are still in line with your overall guidance for the year?

THOMAS COWEE: Absolutely.

SOPHIA TAYLOR: But not a material change?

THOMAS COWEE: Yeah.

SOPHIA TAYLOR: Okay. Perfect. Thank you very much.

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

KEITH CARRIGAN (VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER): Well, if there are no further questions, I would like to thank everyone for joining us today and I would like to thank our employees out there who have done a great job in this last quarter again for the Company and we look forward to a good quarter for the – in the last quarter of the year and we look forward to speaking with you all following those results

from the last quarter. So once again thank you and we look to hear from you soon. Thank you. Bye now.
