



BFI CANADA INCOME FUND
Fourth Quarter and Year End 2006
CONFERENCE CALL
March 9, 2007

OPERATOR: Good morning ladies and gentlemen, and thank you for standing by. Welcome to the BFI Canada Inc. Fourth Quarter and Yearend 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 queue for question. If anyone has any difficulties hearing the conference, please press the star key followed by zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded today Friday, March 9, 2007 at 8.30 a.m. Eastern Time. I would now like to turn the conference over to Chaya Cooperberg, Investor Relations. Ms. Cooperberg, please go ahead.

CHAYA COOPERBERG (DIRECTOR, INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS): Thank you. And thank you all for joining us today. On the call is Keith Carrigan, Vice Chairman and Chief Executive Officer of BFI Canada and Thomas Cowee, Chief Financial Officer, who will be both providing comments on the Fund's performance in the three months and year ended December 31st, 2006. Also on the call today is Mickey Flood, President of BFI Canada, he will be available to answer questions during the question and answer period.

Before getting started, let me remind you that our remarks and answers to your questions today may contain forward-looking information about future events or the Fund's future performance. Although, forward-looking statements are based upon what management believes to be

reasonable assumptions, the Fund cannot assure unitholders that actual results will be consistent with these forward-looking statements. The Fund disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. We also do not commit to continue reporting on items or issues that arise either during our presentation or in the discussion that will follow.

This information by its nature is subject to risks and uncertainties that may cause actual events or results to differ materially. Please refer to the bottom of yesterday's news release for further information and to our annual information form for a more complete outline of the risks affecting our industry. By now we hope you 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 March 16 at 1-877-289-8525, reservation number 21220708. 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 CHIEF EXECUTIVE OFFICER): Thank you Chaya and welcome everyone. We are pleased to report the 2006 with another benchmark year for our company. We demonstrated the value of our business model and most specially the quality of our people, our process and assets which resulted once again in financial and solid financial performance. Growth was achieved in every business segment through organic

improvement and contributions from 12 tuck-in acquisitions that we completed throughout the year.

Let me provide you with some of the financial highlights for the year and our outlook for 2007 and then I will turn the call over to Tom Cowee for more detail financial review of the three months and year ended December 31st, 2006. As I discussed financial comparables, I would like you to know that are 2006 financial results include a full year contribution from IESI which you all know we acquired on January 21st, 2005. You may also have noted that the reported year over year numbers exclude IESI's financial results for the period from January 1st to January 20th, 2005. For the purposes of discussion to follow, however, I will compare the Fund's 2006 results to the comparable full year 2005 results which will include once again the results of IESI for the period from January 1st to January 20th 2005. We believe that this will provide you with a clear comparable picture of the year over year performance.

In 2006, revenues reached \$771.8 million, an increase of 10.5% over comparable 2005 results. EBITDA was \$235.9 million, 11.6% higher than 2005 on a comparable basis, this helped us generate \$142 million of free cash flow available for distribution surpassing at last year by 15.2%. On a weighted average trust unit in participating preferred share basis as recorded, we increase free cash flow available for distribution to \$2.17 from \$1.91.

Once again as we previously announced, our strong cash flow performance let us in August to increase our trust unit distributions for the fifth time since the Fund's inception. We raised annualized distributions in fact by

7.1% to \$1.81 per trust unit. As reported for 2006, aggregate distributions declared per weighted average trust unit in participating preferred share increased 6.7% to \$1.75. Despite this increase in distributions, our reported payout ratio declined to 80.5% in 2006 compared to 85.8% in 2005. We continue to target an annual payout ratio as we've always stated below 90% which is consistent once again with the Fund's historical cumulative payout ratio of 84.2% from its inception to December 31st, 2006. Our payout ratio track record is a good indicator that we are doing the right things to our business to generate substantial cash flow in excess of our distributions.

The highlight of the year was a level of organic improvement in our business. Our organic performance is due to many factors including our widening customer base and the engagement of our people and to employ our market focus strategies and process. It also reflects the successful integration of IESI into our operations. Excluding environmental and fuel surcharges and acquisitions, year over year pure organic revenue growth in our Canadian segment was 12.9% while in the US segment it was 10.7%. As you all know historical industry growth rates have been approximately half of the rates that we reported in 2006 and once again we are therefore very pleased with the momentum that we have achieved.

I would like to sincerely thank all of our employees for their collective efforts in 2006. Our continued growth is truly a result of their commitment and their abilities. As you know over the past several years we have successfully completed platform and tuck-in acquisitions that have become accretive

earnings. These acquisitions have made us a better company not only because we've managed to deliver the resulting asset combinations, but because we have continuously shared best practices with these acquired companies.

In 2006, our acquisition strategy over 12 tuck-in acquisition or aggregate cash consideration of \$33.6 million. Well we had hoped to close more acquisitions during the year, we are satisfied that these purchases were in fact of high quality. You may have noticed in our press release that we attribute a portion of the increase in our selling, general and administrative cost to the write-off of deferred costs, in respect of certain discontinued corporate development activities.

Well, I am limited in what I can disclose at this time, I will see that we were in fact in the process of negotiating a large acquisition in late October when the Government of Canada announced its tax proposal for income trust. Needless to say due to the uncertainty with our currency and the future characteristics of the capital markets we are unable to close this deal. The government's proposal was a significant disappointment for us in 2006. The mere announcement of this proposal created immediate uncertainty around the income trust sector and put continued and efficient access to equity capital in the question.

For almost five years, our trust units have been a prudent and effective currency for our acquisition efforts. It is imperative that our trust unit continued to accurately reflect the value we have build in our business so that we can further our strategy for growth through acquisition and organic growth. I believe that we have made it clear that we do not intent to alter our underlying business model of

market focused strategies or our appetite for growth, either organically or through acquisition.

I believe that we have consistently proven our ability to do accretive deals and further convert these assets to create additional value for our unitholders. We are not defined by our corporate structure and we will continue to monitor several factors including capital markets debt and liquidity, the value of our currency and our ability to work within the trust structure to acquire future strategic assets. Consequently, we will evolve as required to support our committed goal of generating unitholder value.

Near term based on our credit profile and strong cash flow generation, we believe we will continue our pursuit of tuck-in acquisitions and new platforms irrespective of the government's tax proposals. We think there are many opportunities to continue our advancement and plan to aggressively pursue these in 2007. To this end we have expanded our M&A scenes in the US with a mandate to identify both tuck-in and platform targets. Of course it is equally important that we continue to reinvest in our business as you all know we did for 2006.

For US growth capital investments were in fact \$46.7 million Canadian, US growth capital includes investments in vehicles, containers, landfill expansion and multi-year landfill cell development. Canadian segment growth capital and landfill investments totaled \$30.7 million. In 2006, Canadian maintenance expenditures totaled \$18.3 million Canadian, in the US \$30.1 million US dollars. Reflecting the highly predictable nature of maintenance expenditures

requirements in our business, these expenditures were largely inline with our previously stated targets of between \$19 and \$21 million Canadian for our Canadian platform and \$27 to \$20 million US dollars for our US platform.

In 2007, we are expecting maintenance capital expenditures to be between \$18 and \$20 million Canadian dollars for our Canadian operations and between \$31 million and \$33 million US dollars for our US operations. I will remind you as I always do at this time, that there will be fluctuations in our quarterly free cash flow performance due to seasonal impacts on our business and the timing of maintenance expenditures.

The typical trend in our business has been the maintenance spending effects us to a greater extend in the first three quarters of the year. Growth expenditures will be incurred in 2007 as we continue to develop excess feature or space capacity and continue our growth initiatives within our collection operations.

Overall we believe we are well positioned for 2007 with a clear focus on our business fundamentals. Our operating agenda includes adding new customers, increasing route density and renewing contracts at our traditionally high rates. Well, we have had a very good track record of organic growth; we expect strong contributions from strategic and accretive acquisition. As far as the broader industry outlook is concern, it appears to be largely positive. Pricing power appears to be available in many of the markets we operate in and the broader economic environment appears to be relatively stable.

We will continue to add fuel surcharge as needed, an important factor in maintaining our earnings over the past few years. Regardless of market conditions we will continue to employ price and volume market strategies to improve productivity and operating margins. We are confident about our future. I would like to thank all unitholders and our broader stakeholders including our customers and communities for contribution to our improvement in 2006. We look forward to serving you in 2007 as a strong focus business powered by committed people of disciplined process and strong assets. Now, I'll turn the call over to Tom for additional financial review. Tom.

THOMAS COWEE (CHIEF FINANCIAL OFFICER): Thanks Keith and good morning everyone. Keith has discussed some of the highlights of the year, so let me start with some of the highlights of the fourth quarter.

Consolidated fourth quarter revenues increased 12.6% or \$22.4 million, this revenue growth reflects cash distributions from strategic tuck-in acquisitions but is primarily due to the solid organic revenue growth we achieved in both of our geographic segments.

Excluding acquisitions and environmental and fuel surcharges our Canadian segment organic revenues were 9.6% higher than the fourth quarter a year ago, and our US segment revenues increased 7.3% organically. This performance was driven by our market focus volume and price strategies and new customers.

EBITDA in the fourth quarter increased 21.9% to reach \$60.2 million, thanks to a combination of contributions from acquisitions and internal growth. Free cash flow available for distribution for weighted average trust unit and participating preferred share increased 28.6% to \$0.60 in the quarter. From that aggregate distributions declared per weighted average trust unit and participating preferred share increased 7.1% to \$0.45, and the payout ratio for the fourth quarter was 75.6%.

As Keith mentioned earlier, our 2006 financial results a full year contribution from IESI, which we acquired in January 21st, 2005. The reported year over year numbers exclude IESI's financial results for the period from January 1st, to January 20th, 2005. For the purposes of the discussion to follow, I will also compare the Fund's 2006 results to the comparable full year 2005 results which for greater clarity will include the financial performance of IESI for the period January 1st to January 20th, 2005.

As Keith has already mentioned our strong revenue and EBITDA results for the year, so let me begin with operating expenses which for the year increased \$40.2 million on a comparable basis.

Higher total disposal and labor costs in our – and that is primary reason for the increase and is attributable to the collection and acceptance of additional waste volumes and higher costs to service new and existing customers, contracts, and acquisitions. The balance of the increase is due

to higher truck and equipment fees (Ph) and fuel costs, again attributable to the revenue growth. We are very well – we are very aware of the need to manage our operating expenses in the context of revenue growth and we will continue to be doing this going forward.

Comparable SG&A expenses were higher by \$9 million over 2005. Higher total salaries from organic and acquisition growth, coupled with additional sales efforts and increase contribution to our long-term incentive plan or LTIP are the primary reasons for the increase. The balance of the aggregate increase in SG&A expenses is due to higher professional fees including the amounts incurred in defense of the Lachenaie landfill statement of claim, acquisition as well as write-off's related to discontinued corporate development activities that Keith discussed earlier. As a percentage of revenue SG&A expenses remained unchanged year over year.

Interest on long-term debt increased by \$5.6 million reflective of drawings on the Fund's Canadian and US revolving credit facilities to finance investments in the business comparable with net increase in the variable interest rate charge on these drawings. The drawings on a Canadian and US revolving credit facilities to finance acquisitions also increased – also contributed to the year over year increases, which were partially offset by lower borrowing costs due to the repayment of the revolving credit facility drawings from IRB financing.

Financing costs decreased by \$36.6 million year over year as you will all recall we retired the IESI \$150 million US, 10.25% senior subordinated notes when we closed the acquisition in 2005 and incurred an expense of approximately \$34.6 million on the retirement.

I'll now provide an update on debt facilities. As of December 31st, 2006, we were not in default of our longer – long-term debt facility covenants. In 2006 we amended our credit facilities on more favorable terms both the Canadian and US long-term debt facilities now have an accordion feature which feature which can increase the available capacity of the Canadian revolving credit facility from \$80 million to \$120 million and can increase the available capacity on the US term loan and revolving credit facility from US \$385 million in aggregate, to US \$550 million in aggregate, subject to certain restrictions.

On September 30th, 2006, we exercised a portion of the accordion feature available through our US terms loan and revolving credit facility which increased the facility to \$450 million in the aggregate, available lending under the US term loan and revolving credit facility increased by \$10 million and \$55 million to \$195 million and \$255 million respectively. All these figures are in US dollars.

In the fourth quarter, we entered into another IRB transaction for capital needs at our three facilities in Pennsylvania, we have \$35 million US available to us as a result of entering into this 22 year agreement for

variable rate waste disposable revenue bonds of which \$22 million was drawn or held as restricted cash at December 31st, 2006. As we've stated before these IRB's bear interests at an approximated discount of two-thirds of LIBOR.

As we did in 2006, in 2007 we will continue to actively manage our debt facilities in order to stay flexible enough to meet our plan growth and development activities. We are also pleased to note that in 2006 Dominion Bond Rating Service reaffirmed its BBB low stable on our series A and B senior secured debentures, Standard & Poor reaffirmed our rating of BB on our US term loan. And Moody's Investment Services upgraded our US term loan rating to Ba3 from B1.

As we previously announced in November 2006, we have a normal course issuer bid in effect to purchase up the 10% of our trust units outstanding by November 7, 2007. As of March 9, 2007, we have made no purchases under this bid.

I will conclude by saying that we are very pleased with our financial progress during 2006 and we look forward to continuing deliver value to our stakeholders. Thank for listening and now I ask the operator to open the lines for questions. Thank you.

QUESTION AND ANSWER SESSION:

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

SOPHIA TAYLOR: Good morning.

KEITH CARRIGAN: Good morning.

SOPHIA TAYLOR: The first question is with respect to the double-digit growth rates in '06. Just looking at the largely positive industry outlook you mentioned in recognizing that your competitors grow at roughly half year rate. I am wondering if you could please give us a sense for where you expect the organic growth rate, may be over the short term?

KEITH CARRIGAN: Well, you know, I think there is probably two parts to that question Sophia. The first is that we stated – we continue to see an ability to obtain pricing power in our markets, which is part of the strategies that we deploy in the market place. So in terms of the external conditions we feel obviously very good about those external conditions. As it relates to internal work, you know, we are obviously very optimistic that we will continue to – our growth patterns as we have previously to give you

– I won't give you a precise number, but obviously we think that our strategies are working in the market places and they certainly don't cutoff at yearend. So, I guess as you ask for short term, those strategies are continuing today inside the market places. So we are pretty optimistic about the short term opportunities.

SOPHIA TAYLOR: Okay. That's great. Thank you. My second question is with respect to that write-off related to the discontinued corporate development activities. Are we – is that finished, I mean, have we seen the last of that in terms of the write-off?

KEITH CARRIGAN: We – you have seen that the last of that in terms of that write-off.

SOPHIA TAYLOR: Right.

KEITH CARRIGAN: If you are asking – have we seen in the last of the acquisition or you – we've seen in the last of the write-off I am not quite sure.

SOPHIA TAYLOR: No, I meant just the write-off?

KEITH CARRIGAN: Write-off has been totally written-off.

SOPHIA TAYLOR: Okay. So to make sure I am clear then – the potential acquisition is that related to sounds to be off the table but you are considering other of like size?

KEITH CARRIGAN: Well I would say to you that the government of Canada took that acquisition off the table quite frankly, and so as a result it

is no longer an option to us as we sit here today, potentially down the road that could be an option. I would say to you that clearly we are not going to let our structure stand in the way in terms of doing future deals going forward. If we find that we do not have liquidity in our markets, if we find that we are not priced accurately relative to our comparables then you know, at the end of the day, you know, clearly we have some decisions to make, and we are in fact obviously speaking about those options at our board meetings currently.

SOPHIA TAYLOR: Okay. You have been acquisitive, mind you at a tuck-in in level, I am just sort of wondering where you are seeing multiples industry wide, are we seeing a significant increase or having things leveled out?

KEITH CARRIGAN: Here, you know, I would say that we are seeing a leveling out there was a little bit of flurry if you go back to our late last year and earlier in the years as we had mentioned to you as it related to platform acquisitions. So the platforms we believe have leveled out and, you know, they probably in the range depending on the platform of, you know, 7 to 8 to 9 times on a good platform. And I would say to you that tuck-in acquisitions are, you know, still in that, may be 4 to 7 times range for tuck-in.

SOPHIA TAYLOR: Okay. Great. Last question from me and then I will line up again. That the ARO amortization in the quarter surprised us,

just being lower than – for the year, coming in lower – for the year than we had anticipated. Is this something we can expect that will continue going forward or was Q4 better then exception there?

THOMAS COWEE: Sophia, good morning. From time to time we will have adjustments in our landfills, that calculation of the ARO and we still have some relatively, you know, on landfills that are still developing, comparative ratios etc. And as we move forward that you will from time to time see adjustments, you know, that we realized the fourth quarter was down soft and the year over year was down a little bit. And I think over the time you will see a continued trend up and you could probably look to some sort of trending up off of the '05 number as closely as the '06 number.

SOPHIA TAYLOR: Okay. Great. Thank you.

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

WALTER SPRACKLIN: Thanks very much. Good morning guys.

KEITH CARRIGAN: Good morning, Walter.

WALTER SPRACKLIN: Just on the – Keith, on your statement with regards to the acquisition that you're looking at, one – you know, you had mentioned that this was taken off the table due purely to the announcement on October 31st, but then you said that your structure

doesn't impair you and that you're going to continue to look for acquisitions like this. How do you score that up? I mean, if that's the case what happened in this acquisition that, you know, under normal circumstances or, you know, in the next 12 months a similar deal will come up that you will accept but you couldn't accept that one?

KEITH CARRIGAN: I think, clearly as you all know, that announcement came out of the blue and I don't think that anyone was prepared for and most importantly then we were being driven in to a new territory that that neither ourselves nor the acquisition target had any confidence at that stage with dealing with the uncertainty of the market, and as you all know we are probably in a position today where as we acquire one of the options that we will use for acquisition is a take-back of units in our company, and quite frankly with results that our company has been achieving it's pretty attractive currency in terms of getting deals done. However, with the uncertainty in the market that certainly dispels that option and created a significant problem for, say – and for the other party. The other, of course, was clearly there was a depression in our valuation at that stage and our currency drop considerably on pricing overnight and there was no surety in terms of the way that pricing was going to finalize itself nor did we understand what the guts of the market was going to be from that stage on. So as you can see it surrounded itself with this far too

much certainty for us and certainly for the other party to carry forward and engage in finalizing a deal.

WALTER SPRACKLIN: Can you indicate to us how big this was just ballpark likely?

KEITH CARRIGAN: No, I can't. We are tied under confidentiality.

WALTER SPRACKLIN: Sure. Okay. And so is it fair to say that in the, you know, until – you know, are you comfortable with the level of certainty out there right now or is acquisitions or acquisitions are going to be more focused now on tuck-ins in the near term as apposed to, you know, because platform acquisitions like you may advise to look at?

KEITH CARRIGAN: You know, I think it's fair to say that that there is certainly more certainty in the market today than there was going back several months ago. However, again we're really into a new capital markets climate at this stage and I don't think that anyone can predict accurately where the market will go. To answer your question of concerning our company, we have increased our M&A group significantly, we do intend to continue our tuck-in acquisition program, target existing markets, and we are looking at platform opportunities. If we are restricted by our structure then obviously that will force us to look at alternatives. The Board and ourselves are reviewing alternatives at this stage, but we have not made any conclusions nor decisions in terms of where we will move immediately.

WALTER SPRACKLIN: Okay. Just two other questions; first on your debt level, it looks like as you mentioned you've renegotiated and got some extensions there. What is your debt capacity now and what are you comfortable with going up to, you know, touching on your point with – you know, there are a couple markets might be – or the equity markets might be difficult to tap in the near term, what level may be on an EBITDA basis or how you want to put it or debt to EBITDA basis, were you comfortable with before you have to look at some other alternative form of financing?

THOMAS COWEE: Walter, at yearend we have approximately \$13 million available on the Canadian credit facility without going into the accordion we had another \$31 million on the US credit facility without entering into the accordion. You know, we will again keep as flexible as we possibly can on our credit facility as going forward, and you know, I think it relates back to what Keith has said about in our acquisition strategy and our availability of currency, we're going to keep our credit facilities as flexible in '07 as possible to give us the ability to execute our acquisition strategy and our growth strategy. I don't think we have a defined total fund (Ph) of debt to EBITDA number in mind so where we ultimately would like it to be, we'd like to keep it as closer to as possible but again we want to execute our strategy.

WALTER SPRACKLIN: Well, let me put it this way, it – you know, I am not – I calculating the net debt to EV or net debt EBITDA of 2.3 times

that's starting the trend higher than the average, you know, that where we would be comfortable or, you know, the rest of the income trust group, what is it that the BFI that would make a 2.3 times more palatable than your average business trust?

KEITH CARRIGAN: I think that we're probably not your average business trust, Walter. There's very few business trusts that demonstrate the growth that we have inside the trust. And therefore when you have this type of growth you're also going to have movement on leverage because as you can well imagine we need to acquire asset as we continue to grow and we get a return. Although we get a return on paybacks it's roughly about in the 20% or 25% range, that's kind of typically what we target then obviously we're advancing capital and advancing getting the return later on.

WALTER SPRACKLIN: Okay.

KEITH CARRIGAN: So what we will do is we will move our leverage up from time to time and then what happens is as we grow organically and produce increased EBITDA, then obviously that will also take the leverage down. So when you look at the return on capital in our business compared to a lot of other income trusts, the return is different and therefore it affects the leverage in a different way. So we'll move leverage up and we traditionally have done this; if you look at our history we have traditionally

moved leverage up and then we brought it significantly back down again through EBITDA.

WALTER SPRACKLIN: Yeah, it's a good answer.

KEITH CARRIGAN: In EBITDA. So you know, I think you probably, you know, could look at that model and as Tom indicated, you know, at the present time we are looking to take EBITDA up significantly as – or leverage up significantly, so I think you can pretty well, you know, fix that. As we continue to grow we look for alternative, means we look at the equity markets for example and look to them for continued ability to raise capital.

WALTER SPRACKLIN: Okay. Just last question; your competitors look like they've been active on the pricing side, any – is that an opportunity for you to pick up some new business here or you – are you equally as active in terms of setting any non-competitor business?

KEITH CARRIGAN: We look at strategies on a market-by-market basis and, you know, some of our strategies could be a pricing strategy, we could have volume strategies being deployed in those areas markets, but typically as I mentioned in our discussion we have grown in all the significant areas of our company and every line of business, so we are showing volume growth, we are showing pricing growth in every line of business inside the company.

WALTER SPRACKLIN: Thanks very much guys.

KEITH CARRIGAN: You're quite welcome.

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

NAVDEEP MALIK: Yeah, thanks very much. Actually – just answer one of my questions, let me ask for some more color, I am just wondering on the organic growth; was it driven more by price or by volume this quarter?

KEITH CARRIGAN: Well, you know, once again, to answer the question, you know, we don't really talk about specifics, Nav, because we have had just a provision and what we are really looking at is increasing our return on capital on every asset. And we drive capital not only through price, but we drive it through increases in volume and productivity as well. So we're really looking at deploying various strategies that move both of those indices and we have found however that we have been able to price effectively inside the marketplaces to then further deploy volume strategy, and I would say to you that that results in beneficial return on capital to our assets.

NAVDEEP MALIK: Okay. Just moving to the acquisitions, in Q4 were they all collection assets?

KEITH CARRIGAN: They were all collection.

NAVDEEP MALIK: Okay. And I guess going forward you are going to be more focused on the US; is that – that's sort of what I'm gathering from having expanded M&A team in the US, is that – would that be correct?

KEITH CARRIGAN: No. No, we're not. Every one of our regions have acquisition responsibilities as well, and so as you very well know, we are – in Canada we are positioned in the major population areas inside Canada, we're really the Tyson (Ph) with our market focus strategies. And so as a result we have regional coverage in there in terms of continuing our acquisition and tuck-in programs. So we don't really need to bolster the Canadian markets at the present time. However, as it relates to tuck-ins in the US, once again we have regional coverage that will continue to look at tuck-ins inside their own regions, but we have increased the size of our M&A group which would also be looking at more platform acquisitions in the US as well.

NAVDEEP MALIK: Okay. The acquisitions in '06 though, what regions were they – could you comment on what regions were they mainly and/or how many were in which region?

KEITH CARRIGAN: Yeah, they were at every single region.

NAVDEEP MALIK: Okay. Okay, I just want to move maybe to margins; they were quite strong this quarter, could you perhaps provide some color around what was driving that?

KEITH CARRIGAN: Sure, we would be happy to. I think that we had some increases in landfill volumes and as we always talk about landfills we go back to the second quarter. As you recall we had some rough weather early and the – so we – it wasn't a typical second quarter for some of our landfill volumes that we were able then – as the year progressed we were able to then spread that volume out more specifically and in fact as we got towards the end of the year in some of our landfills where we might taper our volume down subject to meeting government regulations we were able to carry our volume right through until the end of the year. So we had a little bit of pick up in some of our landfills on a year over year basis in the fourth quarter. More significantly though, our collection companies particularly in Canada and particularly in the south have been, you know, exceeding – are really, quite frankly are our expectations we had earlier in the year in terms of returns that they are generating. And I – that probably goes to again the conditions in the economy doing – being what they are and our ability to exercise our strategies inside those marketplaces.

NAVDEEP MALIK: Okay. So again I guess going back to sort of pricing power and that sort of things?

KEITH CARRIGAN: No, I think it goes back certainly, you know, pricing power does play a role. However, I would say to you that it really flows through to our strategies, and as I mentioned earlier we've increased

in every one of our important industries. So while you're seeing some of the corporations as mentioned earlier who have had a reduction in volume we have had increases in volume.

NAVDEEP MALIK: Okay. Okay, thanks very much.

KEITH CARRIGAN: Quite welcome.

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

JOHN GRANDY: Thanks and good morning. I wanted to ask a quick question relating to the slowdown in the US construction industry, and if you can give some color on what impact that may have on your 2007 results?

KEITH CARRIGAN: You know, what we are seeing is that the slowdown in the C&D industry is probably on a regional basis. For example, we are not seeing a significant slowdown in the south. So we are still running at significant volumes of C&D and it doesn't appear to demonstrate any slowdown at this stage. The Northeast would show a slight slowdown but again we are not seeing anything significantly that is impacting our business model, and Canada we're not seeing a slowdown at all in C&D business.

JOHN GRANDY: Good. That's great. I hope it doesn't deteriorate much further. Second question relates to foreign exchange. This is another quarter in which the foreign exchange movements hurt your result somewhat, and I am curious to know if you can talk a little bit about hedging – foreign exchange hedging strategies?

THOMAS COWEE: Yeah, John. Good morning, this is Tom Cowee. The way we have historically set up our foreign exchange strategies is on the distributions, and approximately 90% of the distributions that come up from the US are hedged. We have the natural hedge on all dollars spent on in the US, but really the FX impact that you're seeing in our financials is largely non-cash. We are continuing to be hedged through February 2008 on our distributions coming up from the US, we continue to monitor that and we will adjust those hedges as we determine that it's reasonable time to do it.

JOHN GRANDY: That's great. I'm going to have one last sort of big picture question, Keith. There was an earlier comment that I found interesting; it suggested that, you know, as an income trust you may be forced to have a – keep a certain capital structure which isn't ideal for your business so, you know, given everything else that's happening in the space, what point would BFI Canada want to give up on this whole (Ph) and can – cost structure and can we go back to corporate form – and saying that with a knowledge, you know, lot of your, you know, effect of tax

rate you're probably fairly low, gives you several tax fields you have available.

KEITH CARRIGAN: Well I think, you know, I think there's a lot of issues that would affect that movement quite frankly, John, and I just touch on a few of them. You know, clearly if we didn't feel that there was jobs inside the markets to continue financing not just our acquisitions but our organic growth strategies, certainly that would be an issue. If we didn't feel that we were being – that our currency was being valued to the right levels, particularly when we were looking to once again raise capital to finance our growth strategies. And then certainly that, you know, I'd just expand the deficient (Ph) market. If in fact we did not com – or the government regulations, we did not comply with size, so as you all know, we have the 14% growth threshold that the government has placed on the trust sector this year in the alternative that we are confronted with a very good acquisition that we may want to move forward on, and it did not comply and the government was not willing to offer us an exclusion, then obviously we would have to look at an alternative structure that would permit our growth. I believe that if all of you folks do some sensitivity analysis and you see the benefit of our growth but through acquisition that we have been able to deploy over the last few years and you project that going forward, you would all see that there is a clear value to our unitholders to continue our growth momentum going forward. So clearly in reference to

what we've always stated and that is that we will make decisions that are going to benefit our unitholders and benefit our employees quite frankly, we cannot allow our structure to get in the way of these priorities.

JOHN GRANDY: That's great. That's what I was hoping you would say. Okay, thanks a lot.

KEITH CARRIGAN: You're quite welcome.

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

SOPHIA TAYLOR: Just a follow-up question on the normal course issuer bid, no purchases have been made as of March 9th; can we ask what your intentions are with respect to the bid until it expires?

KEITH CARRIGAN: Absolutely. You know, our intentions obviously are that, you know, again, once again, we're dealing in a very uncertain market, Sophia, and – but our business has not stopped and the fundamentals of our business continue (Ph) on, which means that that we need to have a currency that we can utilize on an ongoing basis to continue the growth of our company and utilize that currency. So, as a

result clearly if we see that we are being put in a position where that currency can no longer be used to benefit of our unitholders, then I suppose we would then step into the market.

SOPHIA TAYLOR: Okay, that's helpful. And then just a housekeeping item. I don't think I was able to find what this – there's a new balance on the balance sheet, they do from non-controlling interest; what is that?

THOMAS COWEE: That's the – well again, this is one of those accounting things, but it's basically the PPS shares was that there the remaining (Ph) value.

SOPHIA TAYLOR: Okay, okay. And then just a final follow up. With respect to the acquisition that wasn't – and post the Halloween (Ph) announcement, Keith, did we hear you say that you were looking for a possible exemption to – is it the normal growth rolls at the time with that acquisition?

KEITH CARRIGAN: Now, what – no, what it – not as it relates to that acquisition; I was referring to acquisitions going forward, Sophia.

SOPHIA TAYLOR: Okay.

KEITH CARRIGAN: If you recall that, that – the 40% growth roll was not – were not in the date on October 31st when they'd made the announcement.

SOPHIA TAYLOR: Sure. Okay, great. Thanks very much

SOPHIA TAYLOR: Quite welcome.

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

AVI DALFEN: Thank you. Mickey has gone on a record of calling for New York City to lift the cap on pricing and at the same time you've increased your presence in their markets through acquisitions, how do you see – foresee this process playing out with regards to New York City and, well, two things; number one, how they're looking at pricing, and number two, as we discussed back in June, how they're looking at their entire strategy for waste collection?

THOMAS COWEE: Hi, Avi, how are you?

AVI DALFEN: Good. Thanks.

THOMAS COWEE: I think just a couple of facts that means to set the pace on New York City; number one, we are vertically integrated company in New York City. So the waste churning that we generate into a hollow (Ph) way is taken to our landfills. So it's important that we maximize that asset first and foremost. Secondly, we determined early on what's important for us to establish a niche business, and that niche business was a lighter weight trash that is predominantly generated in Manhattan, so if you are to visit New York City you would see the

predominant number of the IESI vehicles running at night in Manhattan. Thirdly, it is incumbent upon anyone to make sure that we try to establish a free economic markets in which to operate, and for someone for some reasons, I think if New York continues to be the only urban area that I'm aware of, that continues to have some kind of a rate pack (Ph) which ultimately creates a problem for the legitimate hollers. I've often been quoted there as saying that the one is either a philanthropist or a runagate to pick up waste in New York City particularly waste that is outside the (indiscernible) of the weight or the volume restrictions, so it makes it difficult, but quite frankly our niche more than offsets this. The acquisition we did was not material at all, the announcement we made was more of a political reasons than any other reason.

KEITH CARRIGAN: And Avi, I would just add on to that, once again that we drive return on capital through all units to bridge productivity as well as price, so consequently as we can acquire and further intensify our routes, increase our return on capital throughout that company.

AVI DALFEN: So, I mean, obviously you're continuing to focus on trying to bring the right type of waste off to your Seneca landfill, but at the same time you've got to go through this process where New York City is considering the, you know, reevaluating how it shifts it waste.

KEITH CARRIGAN: Well, I think that you can just kind of view the model. If we have the highest density routes in the marketplace that

means other people have lower density routes which means that on fixed pricing their return on capital is not – is probably not sufficient, it is we increase density then our – you can assume then that assuming you were growing beyond the cost or the growth in the city, population growth in the city, then effectively what's occurring is that we are in a position where we may be making a return on capital but everybody else is not, and therefore hopefully that moves the pricing up inside the city and again being a high volume collector in the city then would be in the best position to benefit from that strategy.

AVI DALFEN: Okay. Okay, so...

THOMAS COWEE: Just a send a note, Avi, the – two of the burrows in New York City would qualify as two of five largest cities in the US. So the opportunity to seek out and establish a niche business is more – is more present there than in most of the markets.

AVI DALFEN: Okay. And can you just give us some sort of a feel for your current total market share leader (Ph), and I guess what's served by your three landfills?

THOMAS COWEE: We don't talk about market share, Avi, it's for competitive reasons, for acquisition reasons, it doesn't do us any good to be doing.

AVI DALFEN: Okay. And just finally, can you give us some dates that we should look out for or ways in which we should be able to track the

process in New York City as the city administration moves towards resolution of the issue that they're dealing with?

THOMAS COWEE: I would not be so presumptuous. We have been operating in New York City for going on 10 years now and we've seen a lot of plans, we've seen a lot of thoughts, but we've not seen a lot change. So, at this point in time it more is wait-see, and in the meantime we continue to operate our business as we should, we continue to grow and we continue to increase the presence of our niche which is accretive to our business place.

AVI DALFEN: Okay. I must thank you for that, just I guess one other point, I see you have got a major new contract in Louisiana; are we going to continue to see you expand into this market as well as part of your growth strategy?

THOMAS COWEE: Yeah. I wouldn't call it a major contract, Avi, I would say this to you that we look at Louisiana as a state that we employ our market strategies, we are vertically integrated, we have a great team in place down there and we're growing our markets as our unitholders would expect.

AVI DALFEN: Thank you.

THOMAS COWEE: You're welcome.

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

KEITH CARRIGAN: Well, I would like to thank everyone for joining us on the conference call today. We obviously are very excited for our unitholders, we're very excited for our employees who have worked so hard and engaged our strategies over the last year. We are looking forward to 2007 and reporting to you first quarter results which will occur at our annual meeting of unitholders which is taking place on Tuesday, May 15th, 2007 at 2 p.m. at the suites at 1 King Street West in Toronto, and as I mentioned we will announce our first quarter results at that time. So on behalf of my colleagues who are joining me here today I would like them to you folks who have joined us, I would like to thank you all for your participation. Thank you.

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