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CORPORATE PARTICIPANTS

Chaya Cooperberg
IESI-BFC Ltd. - Director IR & Corporate Communications

Keith Carrigan
IESI-BFC Ltd. - Vice Chairman and CEO

Tom Cowee
IESI-BFC Ltd. - VP and CFO

CONFERENCE CALL PARTICIPANTS

Scott Levine
JPMorgan Chase & Co. - Analyst

Hamzah Mazari
Credit Suisse - Analyst

Walter Spracklin
RBC Capital Markets - Analyst

Bill Fisher
Raymond James & Associates - Analyst

Jason Granger
BMO Capital Markets - Analyst

Jonathan Ellis
BofA Merrill Lynch - Analyst

Michael Hoffman
Wunderlich Securities - Analyst

PRESENTATION

Operator

Good morning. My name is Melissa and I will be your conference operator today. At this time, I would like to welcome everyone to the IESI-BFC Ltd. Second Quarter 2010 Results Conference Call. (Operator Instructions). Thank you. Ms. Chaya Cooperberg, you may begin your conference.

Chaya Cooperberg - *IESI-BFC Ltd. - Director IR & Corporate Communications*

Thank you, Melissa, and thank you, everyone, for joining us today. On the call we have Keith Carrigan, Vice Chairman and Chief Executive Officer, and Tom Cowee, Vice President and Chief Financial Officer, who will both provide comments on the results for the three months ended June 30th, 2010. Also on the call, we have Mickey Flood, President, and Joe Quarin, Executive Vice President, and they will both be available to answer questions during the question-and-answer period.

Our remarks and answers to your questions today may contain forward-looking information about future events or the Company's future performance. Although forward-looking statements are based on what management believes to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with these forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statement, 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, except as required by applicable by securities laws.

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 our news release yesterday for further information and to our MD&A for a more complete description of the risks affecting our business and our industry.

On this call, we are going to be discussing some non-GAAP measures such as adjusted EBITDA, adjusted operating and net income and free cash flow. Please refer to our press release for our definition of such non-GAAP measures. Management uses non-GAAP measures to evaluate and monitor the ongoing performance of our operations and other companies may calculate these non-GAAP measures differently.

A telephone replay of this conference call will be available until midnight on August 11th, and details for the replay in the news release. And with that, I will turn the call over to Keith Carrigan, Vice Chairman and CEO.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Thank you, Chaya, and good morning and welcome, everyone. I'd like to begin by saying that we are extremely pleased with the strong and steady progress that the Company made in the second quarter. We continued to fire on all fronts, achieving higher revenue, adjusted EBITDA and EBITDA margins, also, adjusted net income and free cash flow.

Our performance was driven largely by organic growth, the result of a balanced and strategic approach to price and volume in each of our local markets. We also benefited from strategic tuck-in acquisitions that we completed in 2009 and also in the first quarter of 2010.

With momentum building on our financial and operating performance and with the completion of our acquisition of Waste Services Inc., 2010 clearly is shaping up to be an exciting year for our company. In this call, we will update you on our integration plans, along with our outlook for the balance of the year, which includes the benefits from WSI and the tuck-in acquisitions that we have completed year to date.

But to start, I'd like to review the highlights of our performance in the second quarter. As we completed the WSI transaction on July 2nd, WSI's operating results, therefore, are not included in our consolidated results. However, we have included a review of WSI's second quarter performance in our MD&A and press release, which will-- I will address on this call.

I'll turn first to IESI/BFC stand-alone second quarter results. Our total revenue increased 18.1% to $299.6 million, including the impact of foreign exchange. As I mentioned earlier, organic growth powered our top-line performance. In Canada, organic gross revenue increased 12%. This included a core price improvement of 3% and a volume increase of 7.2%. Higher fuel surcharges of 0.9% and higher recycling and other pricing of 0.9% also contributed to the quarter-over-quarter increase.

In the US, organic gross revenue increased 6.9%. This included core price improvement of 2% and volume increase of 3.4%. Volume improved sequentially, as well, up from the positive 1% that we reported in the first quarter. Higher fuel surcharges of 0.4% and recycling and other pricing growth of 1.1% also contributed to the quarter-over-quarter organic revenue increase.

Now I'll explain some of the price and growth trends that we saw in our individual segments. In Canada, we generated price and volume growth in all our service offerings. Pricing was up in our commercial, residential and roll-off collection lines, as well as our landfills. We also saw higher pricing in our recycling business as the price of recycled commodities remained well above where they were at this time last year.

Our volume gains in Canada came from higher landfill volumes, new contract wins and stronger overall organic growth. And, as expected, acquisitions contributed 7.8% to the increase in our gross revenues, also in this segment.

We can attribute a sizable portion of the increases in revenue from the acquisitions to a full quarter contribution from Toronto-based York Disposal, which was one of the largest independent providers of solid waste services in Canada. This was a highly strategic tuck-in for us. It not only expands our collection footprint in a growing market, but the waste volumes that York generates will allow us to increase the rate of landfill internalization, both in our Northeast US operations and also in Ontario.

In our US Northeast segment, we saw higher pricing in commercial and residential collection and in roll-offs. Of course, the return of commodity pricing also contributed to overall pricing growth in this segment.

Landfill volumes also moved significantly higher in this region during the quarter, compared to where we were a year ago and contributed to overall gross revenue growth. We anticipate that, over time, higher disposal volumes in the region will create stronger pricing in this environment. We also experienced volume improvements in our roll-off line of business, which more than offset flat commercial volumes and a slight decline in residential services.

In our US South segment, we realized growth in all of our service lines with the exception of roll-off collection, which was largely unchanged on a comparative basis. As we experienced in Canada and in the US Northeast, the rebound in commodity prices drove an increase in recycling revenue growth. Volumes were especially strong in our collection lines across our US South operations.

Acquisitions contributed 1.3% to gross revenue growth in our US operations. The contributions from acquisitions, combined with our strong organic revenue performance, drove EBITDA higher in the quarter and we were able to convert this into significant margin expansion.

Adjusted EBITDA was $88.6 million in the second quarter of 2010, compared with $73.1 million in the same quarter a year ago. This is an increase of 21.2%. Our adjusted EBITDA margins expanded 80 basis points to 29.6%. We also generated higher adjusted net income quarter over quarter. Adjusted net income, as reported, increased to $23.3 million or $0.25 per diluted share, compared to $14.6 million or $0.18 per diluted share in the period a year ago. We achieved this growth even though our diluted share count increased as a result of equity offerings that we completed last year.

Free cash flow for the quarter more than doubled to $44.2 million from $21.5 million in the second quarter last year, including the benefit of foreign exchange in the quarter. Free cash flow growth was driven by our strong operating performance, along with lower interest rates and debt levels and lower capital and landfill purchases in the quarter.

In all, our performance demonstrates that we remain on track with our strategies for growth in each of our segments.

I'd also like to mention that it was a strong quarter for WSI, as well, especially in light of the pending merger. We are very pleased with the revenue growth WSI delivered in its Canadian and US operations, as well as their continued operating expense control.

WSI's total revenue in the second quarter was $127.4 million, an increase of 18.5% over the same period one year ago. Revenue in Canada was $67.5 million and revenue in the US was $59.9 million, representing increase of 18.9% and 18%, respectively.

A substantial portion of the revenue growth in the US came from WSI's tuck-in acquisitions in the Miami-Dade area. Acquisitions represented 12.3% of WSI's US revenue growth in the quarter.

Organic revenue growth in WSI's US segment totaled 5.7%. This reflects core price growth of 3%, a fuel surcharge increase of 1.4% and higher recycling and other revenue of 1.9%, offset by negative volumes of 0.6%.

Excluding the effects of foreign exchange, revenue in Canada increased 4.2% in the quarter. Acquisitions contributed 1.2% to WSI's revenue growth. Organic growth in Canada totaled 3%. This reflects core price growth of 2.7%, a fuel surcharge increase of 0.5% and higher recycling and other revenues of 0.5%, offset by a volume decline of 0.7%.

WSI's operating expenses were $78.2 million, an increase of only 12.5% compared with the same period one year ago. WSI's SG&A costs for the quarter included some items related to their sale. The accelerated vesting of share-based payments contributed an additional $7.2 million to total SG&A expense. Transaction costs added another $1.2 million. So if we adjusted for these items, SG&A costs for the quarter would have been $14.3 million.

Based on adjusted SG&A, WSI's adjusted EBITDA in the quarter was $34.9 million, resulting in an EBITDA margin of approximately 27.4%. This is up from 24% in the same period one year ago.

I'd like to congratulate the WSI team on these outstanding results. We are thrilled to welcome the WSI group to IESI-BFC and we look forward to delivering a strong combined performance with these assets in the second half of this year.

We are moving quickly on the integration of our operations in order to capture the synergies available as soon as possible. We continue to expect to generate of $25 million to $30 million of annual pretax synergies, as mentioned earlier, within the two years and I will add a little color during Q&A. However, we believe we'll capture about 70% on a run-rate basis by the end of 2010.

The synergies available to us early on in the integration process are primarily in SG&A, where we can consolidate duplicate corporate cost areas. About half of the total synergies will come from SG&A and half will come from operating synergies, where we are focused on combining and optimizing routes, improving disposal internalization, eliminating duplicate facilities and benefiting from cost savings related to enhancing purchasing power.

As we announced last month, our consent agree with the Canadian Competition Bureau requires us to divest of some commercial contracts, trucks and a transfer station in Canada. These assets generate, in aggregate, approximately CAD18.5 of annualized revenue for the combined company.

Later on in this call, Tom will review our updated performance, also, as it relates to-- on a combined basis for 2010. However, I will say that we believe that the combination with WSI and our other acquisitions offer strategic benefits beyond the EBITDA synergies as it creates opportunity for us to deliver incremental organic growth. We also anticipate free cash flow synergies, as we combine our fleets and optimize our maintenance capital expenditure program.

While we will be focused for the balance of 2010 on completing the integration at WSI, we will continue to seek opportunities to apply our growing free cash flow. Our objective is to obtain the highest return on capital possible and build a pathway to future shareholder value. We believe that one of the best avenues to create creation is to continue to pursue strategic and accretive tuck-in and platform acquisitions.

So even with the acquisition of WSI, as you all may realize, we had the capacity to complete the purchase of York Disposal at the end of March. We also completed tuck-in acquisitions in our US operations early in the third quarter, totaling consideration in excess of $50 million. The most significant of these was our purchase of SWDI, known as "SWDI", solid waste disposal, one of the large private solid waste service providers in the United States. SWDI's operations are an excellent fit with our existing assets in southern Louisiana and nicely round out the presence that we have been building in this market over the last couple of years.

There are many more acquisition opportunities available in the US and Canada and we have a significant acquisition pipeline. While clearly not all deals will meet our rigorous return criteria, we continue to actively review our pipeline for the best places to direct and apply our capital.

Now I'd like to pass the call to Tom for more details on our financial results for the second quarter and our updated outlook for the balance of the year. Tom?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Thanks, Keith, and good morning, everyone. As Keith mentioned earlier, our reported revenue increased 18.1% to $299.6 million. Excluding the impact of FX, reported revenue would have been $285 million or 12.3% higher than the same period a year ago.

It was a solid quarter across our three segments, with revenue growth in Canada, the US South and the US Northeast. Revenue in our Canadian segment was nearly $118 million. This is an increase of $30.5 million or 35% over a year ago period. Of the increase, $14.6 million in attributable to the changes in FX and the balance of $15.9 million is from growth, an increase of 18.2% over the same period last year.

In our US South segment, revenue was $93.4 million, an increase of approximately $9.5 million or 11.3% over the second quarter last year. In our US Northeast segment, revenue was $88.5 million, an increase of approximately $5.9 million or 7.1%.

I will now review some of the line items in our income statement. Operating expenses totaled $174.6 million, an increase of nearly $26 million compared with the same quarter last year. Excluding the impact of FX in Canada, approximately $7.7 million, the increase is primarily the result of higher organic growth, including contract wins and acquisitions. In the quarter, operating costs remained flat as a percentage of revenue.

SG&A expenses were $41.2 million in the quarter, up $8.6 million or about 26% over the same quarter a year ago. As a percentage of revenue, SG&A represented 13.7%, up 90 basis points from the year-ago period. The majority of the increase, as a percentage of revenue, is attributable to WSI acquisition-related costs. The other significant component is fair value changes to stock options. On an adjusted basis, SG&A as a percentage of revenue actually declined to 12.2% from adjusted SG&A of 12.6% in the same period last year.

We anticipate the transaction costs related to the acquisition of WSI occurring in 2010 to be over $37 million. This includes restructuring costs occurring post-July 2nd, 2010. We expect to pay almost all of the restructuring costs this year. Additionally, we incurred at closing approximately $16 million of financing costs related to the US and Canadian credit facilities.

Amortization in the quarter was $43.1 million, an increase of $1.9 million from a year-ago period, all of which is attributable to FX. As a percentage of revenue, amortization expense declined to 14.4% from 16.2% in the same quarter last year.

Interest expense of approximately $8.2 million represented a decline of $520,000 compared to the second quarter a year ago. Lower interest rates on borrowing in Canada are the primary reason for the Canadian segment decline and in the US, we also benefited from a combination of lower interest rates and lower debt levels.

On a company-- on a total-company basis, our net income tax expense was $14.2 million, up from $8.9 million in the same quarter a year ago. The effective tax rate in the quarter was 37.8% when calculated using adjusted net income. On a year-to-date basis, the effective tax rate is 36.3%, again based on adjusted net income. Our taxes in the quarter were $8.5 million, an increase of $4.3 million over a comparative period.

Turning to our capital and landfill purchases, our spending for replacements and growth totaled $28.5 million in the quarter. Of this total, replacement capital represented $19.9 million and growth capital represented $8.6 million. Both replacements and growth in the quarter were in line with our expectations for the second quarter.

Turning to our balance sheet, at the end of the quarter, long-term debt stood at $657 million, down from $705 million at the end of the first quarter. In the second quarter, we were able to pay down our US and Canadian long-term debt facilities through our strong cash flow from operations.

Holding the foreign currency rate between Canada and the US at parity and using just the adjusted EBITDA without pro forma adjustments for acquisitions, our consolidated debt to EBITDA ratio for the Company at June 30th, 2010, was 2.05 times.

In connection with the closing of the WSI transaction, we amended and restated our long-term debt facilities in Canada and the US. Funds available from these facilities were used to repay WSI's outstanding indebtedness on closing. In addition, the credit facilities were upsized to reflect the newly combined operations in both Canada and the US. Pricing was increased to levels commensurate with market and maturities were extended to the middle of 2014. The new credit facilities, as a combined company-- with the new credit facilities as a combined company, we expect to have a $3 million annualized interest expense benefit.

Recapping some of the relevant details of the credit facilities are in the US we entered into a facility that increased our availability from $783.5 million to $950 million, with an accordion feature that increased from $36.5 million to $300 million. Unlike our prior facility, this facility is all revolver. Financial covenants under this facility remain principally unchanged and include a maximum total funded debt to rolling four quarter EBITDA ratio of 4 times. Pricing off the pricing grid is currently 300 basis points over LIBOR.

On July 2nd, advances under the US facility were $650 million and total letters of credit outstanding amounted to approximately $140 million. Available capacity under the facility, excluding the accordion, was $160 million. On closing, our funded debt to EBITDA in the US credit facility was 3.24 times.

In Canada, we entered into a new facility that increased our availability from CAD305 million to CAD525 million and we increased the accordion from CAD45 million to CAD125 million. This facility also consists entirely of revolvers.

The financial amendments included an increase in the maximum funded debt to EBITDA ratio from 2.75 times to 3 times. Current pricing off the pricing grid is 287.5 basis points over BAs.

Only July 2nd, advances under the credit facility were CAD348 million and total letters of credit outstanding amounted to approximately CAD52 million. Available capacity under the revolver, excluding the accordion, was approximately CAD125 million. Our Canadian-funded debt to EBITDA ratio on closing in the Canadian was 2.08 times.

On the closing of the WSI acquisition, and including other completed acquisitions, our pro forma adjusted EBITDA ratio, prepared on a combined basis and assuming FX parity, is approximately 2.6 times. Our long-term target leverage range continues to be between 2.3 and 2.7 times, depending on the timing of acquisitions.

I will now turn to outlook for the fiscal year 2010. Today we are updating the outlook we provided on a stand-alone basis at the end of February. This outlook for fiscal 2010 includes WSI, as well as other acquisitions completed in the first and second quarters of 2010. WSI is only included in our results beginning July 2nd, unless otherwise noted.

Our outlook assumes no change in current economic environment and excludes the impact of any additional acquisitions. For purposes of these estimates, we are assuming a Canadian to US currency exchange rate of 0.952.

I remind everyone that these figures are forward-looking. Our actual results may differ materially and are subject to risks and uncertainties.

Revenue is estimated to be in the range of $1.390 billion to $1.415 billion. Pro forma 2010 revenue of IESI and assuming a full year of WSI revenue would be approximately $1.65 billion.

Adjusted EBITDA is estimated to be in the range of $405 million to $417 million. Pro forma 2010 adjusted EBITDA of IESI-BFC and assuming a full year of adjusted WSI EBITDA would be approximately $475 million, based on the midpoint of the EBITDA guidance.

Amortization expense is estimated to be in the range of 14.5% to 15% of revenue. Please note that this a preliminary estimate based on the preliminary estimated fair value of the WSI assets.

Capital and landfill expenditures are estimated to be in the range of $127 million to $137 million. The effective tax rate is expected to be around 37.5% to 38.5%. This, again, is a preliminary estimate, as well, until the fair valuing of the assets are complete.

Cash taxes are expected to be between $38 million to $39 million. Free cash flow is estimated to be in the range of $190 million to $200 million, or approximately $142 million to $152 million, net of dividends paid during the year. This excludes 2010 transaction and financing costs.

We also expect to pay our current quarterly cash dividend of CAD0.12 for a total dividend of CAD0.50 per share in 2010.

Now let me turn the call back over to Keith for some final comments before Q&A.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Thank you, Tom. Well, I hope you can see this was a very strong quarter for us, as well as for WSI. We're so pleased to be moving forward on the integration of their operations with ours and we believe these will result in opportunities even beyond those we identified as EBITDA synergies on the deal.

Our organic growth in the quarter really demonstrates the effectiveness of our strategies for balancing price and volume in our markets. With 12% organic growth in Canada and 6.9% in the US, we continue to set the bar high for our sector. We expect that applying our unique bottom-up market strategy to WSI's assets will also result in significant incremental organic growth, over time.

In addition, as the economy gradually improves, we expect the recovery to most positively affect the more densely populated competitive markets in which we are highly active. We believe that these markets possess the highest potential for upside price, volume and productivity during periods of secular growth.

Well, that brings me to the end of my comments and I'd now like to turn the call over to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Your first question is from the line of Scott Levine of JPMorgan. Your line is now open.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Good morning, Scott.

Scott Levine - *JPMorgan Chase & Co. - Analyst*

A question regarding what we can expect for call it in the integration phase here of the merger. Obviously, you've been very active on the acquisition front outside of-- or during the period since the deal was formally announced. Should we expect you guys to take your foot off the gas when it comes to the acquisitions for a period during an integration process? Or is it kind of business as usual on the acquisition side and if your pipeline is active, you see the right opportunities, we could see a continued active deal pace as you integrate WSI?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Good question. I would say to you, Scott, if you look at the-- where the synergies are occurring, we have some corporate synergies that exist in the South that are in one region and really involve a corporate plan of assimilation out of the US and that's ongoing and we expect that to happen fairly quickly. There's an IT component that has a designated plan attached to it and we're right on plan.

The majority of the other synergies occur out of the corporate Canadian office, through IT and also through, obviously, some field synergies. We have one of our best people, number one, who his role in life is to monitor every one of these synergies in the corporate market, stay on top of the team that is enacting the synergies across the field and will be reporting those synergies and monitoring them on a weekly basis. So those activities have been laid out well in advance and are active as we speak today.

So, we anticipate that just on the synergies, as I mentioned in the call, that we feel very confident that we'll achieve at least, if not more, $20 million of the $25 million to $30 million of synergies by year end or, in other words, on a run-rate basis.

So, those folks are not involved in the day-to-day, most of them, in the day-to-day operations of the business. So the day-to-day operations continue. So we will focus in other areas in terms of continuing to expand the business model and I wish that all acquisitions fell under our timing, but unfortunately, where there's a buyer there's a seller and he may have different timing. So we'll respond, continue to respond to the timing of opportunities that exist out there on the sell side and we feel very confident if the right opportunities are there that we'll be able to integrate those, as well.

Scott Levine - *JPMorgan Chase & Co. - Analyst*

Got it. Then maybe turning a little bit to Florida, which, obviously, has not been part of your results looking back. Could you apply maybe a little bit of an update about what you're seeing in that market? And do you plan to combine on a reporting basis, going forward, Florida with the South or have you thought through the forward-looking reporting format at this point?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

We have. We will report Florida with our southern operations, but I'll just give a little bit of color. Obviously, Bill Hulligan, who runs that area, has done an outstanding job, as you can see through the performance of those assets over the period of time. Clearly, the acquisition of the Miami-Dade assets were critical pieces to the combination of assets that exist in Florida and as an indication, the JED Landfill on a year-over-year basis the volumes are up roughly about 40%, year over year.

So, we're seeing a nice combination out of there. I would-- and right now EBITDA margins are running 30%-plus. So, overall, we have the assets in combination are interacting and Bill has had the ability to run considerably more strategies now through that asset base than he would through a restricted base earlier.

So, again, I think much to our probably better luck than anything else, we've acquired, really, a cohesive combination of assets in Florida now that we expect to see continue to improve as time goes on.

The-- in general, however, as we look at the Florida economy, it kind of looks like most everything else that we're seeing in the South. We're not seeing any significant or considerable growth in the South. I would suggest to you if it's improving, it's improving at a snail's pace at this stage and that's indicative from what we're seeing on both a volume basis and on a weight per cubic yard basis.

We're still seeing a higher level, I would suggest to you, in the South -- and I comp this to 2008, by the way -- a higher level as it relates to business closures in that area. So, ultimately, I would say the economy, if it's moving, it's moving at a snail's pace in the South.

Does that answer that for you?

Scott Levine - *JPMorgan Chase & Co. - Analyst*

It does. Thanks. And I'll leave it there. So congratulations on closing the deal.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Great. Thank you very much, Scott.

Operator

Your next question is from the line of Hamzah Mazari of Credit Suisse. Your line is now open.

Hamzah Mazari - *Credit Suisse - Analyst*

Good morning. Thank you.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Good morning.

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Good morning.

Hamzah Mazari - *Credit Suisse - Analyst*

My first question, just on landfill volumes, how disciplined are you being with pricing on the landfill side of your business, given that organic volumes on the collection side for your guys have been much better than your competition? And also, when you look at pricing on the industrial business in the US South, that was a bit weaker. Is that just increased competition or a decision to chase more volume there?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, I'll just kind of-- I mean, every region, obviously, one looks at different strategies in the region. So in Canada, for example, we're seeing volume up and, obviously, we're moving price up. In addition to that, with the acquisition of York and with the acquisition, clearly now, of WSI, you'll see a movement, a different strategy as it relates to the movement of waste from WSI's third-party usage now to a more internalized program.

So clearly the first aspect of that ¡s the movement of the waste internally. The second aspect is the pricing benefits that occur down the road. So clearly where you see that type of movement, you would expect both volume, potentially where volume is accessible, and clearly and most importantly, price.

When you look at our southern assets, whether it's WSI's southern assets, we're seeing the availability of movement. Again, if we look at WSI's they have an availability of movement now from the Miami-Dade area. So you're seeing some price movement in Florida and some volume movement in Florida. So that really ties in with their availability of the excess volume and the different markets and, more importantly, their ability to pass price through internally.

In the other southern section, again, we're not seeing significant growth in those areas. So volume at the landfills is relatively flat at our southern landfills, but we have been able to move price and I would suggest to you that the price movement would be more of the internal price movement, the ability through identification in our collection companies for price to be absorbed back into the marketplace. So, we're taking advantage of that and that's the key benefit of internalization.

The Northeast we are moving some additional volume in the Northeast. At this stage, we are not moving price. So we're not giving-- we're not sacrificing price. Price has remained relative constant for about the last year on a comparative basis, on a year-over-year basis. So we're not giving up more price to attract more volume.

However, as I identified in our call, with the acquisition of the York assets and, clearly, the WSI, we were-- we are now beginning to see a reshuffling of waste from-- through all sectors and we expect that we will be adding more volume to the Northeast capacity that exists, period in that region, which effectively you would like to think if you're adding more volume and there's not increasing more capacity, hopefully that will have a positive benefit for everyone as it relates to pricing in the Northeast.

So, clearly, again, if you look at the systematic movement, the movement occurs first and then you price back to the market second. So-- and it doesn't happen in-- on a sequential basis overnight. This is a movement that occurs over time, but, overall, we have very defined plans in terms of how that happens.

So every region has its own strategies, but the key is, we're not looking to give up price or to become more negative in price to attract volume.

Hamzah Mazari - *Credit Suisse - Analyst*

That makes sense. And then second question, on your guidance, I think you said on the call $475 million pro forma EBITDA is your preliminary estimate. Does that include the $20 million of synergies you expect to get by year end, one? And then two, as you do your purchase price accounting, how much further depressed do you think your book EPS will be from cash EPS. This was a bigger deal for the Republic-Allied deal than it is for you guys, but how should investors be thinking about that as you go through that process?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Okay. Tom, do you want to address--?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Well, I don't know if I-- I don't really have the cash EPS numbers with me right here, but from reality, I mean, if you look at the existing company, we're going to keep our amortization rate in approximately the same range as we had before. Obviously, WSI was not at that point versus our capital spend is lower.

So you're going to have a fairly wide margin in there, going forward, in terms of the actual amortization expense impacting versus-- which is non-cash, obviously, versus the actual capital spend.

The tax rate, obviously, our cash taxes is part of the reason we give both is, obviously, so that those that are calculating the cash tax-- or cash EPS can tell exactly what our cash taxes are, but they are, obviously, lower than our effective tax rate.

Those are going to be the big two items that are going to, obviously, on a go-forward basis, be affecting us. I mean, we will have some amortization of financing costs. You can easily, probably, take the first half of the year and look at those and then add in the $16 million which will go over for a year. So that'll give you a pretty good idea of what the amortization impact is going to be on the interest expense.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

And I guess just to add on the cash flow, obviously, we're going to see some-- as Tom mentioned, we'll see some benefits as it relates to CapEx spending. In addition to that, there was a definite cash benefit as it relates to the conversion of the WSI debt to our piece. So there's some cash savings there, as well.

So, clearly, on a cash basis there are additional cash synergies, cash flow synergies, related to the transaction that we haven't been extremely-- as specific about.

I guess the other piece of the question that you were asking relates to EBITDA. What we-- to provide a little more clarity, we've given you, really, basically a run-rate EBITDA number towards the end of the year. Although we do have very concise plans on a week-- basically on a week-to-week basis of when we absorb various synergies, we-- to take the risk out of that model and give you guys a little more clarity and comfort, we are giving you run rate at the end of the year and not giving you timing benefits.

So, obviously, the run-rate number that we're giving does not include any material benefit from synergies at that stage.

Hamzah Mazari - *Credit Suisse - Analyst*

Okay, thank you. And just last question and then I'll get off, did you see a normal seasonal pick up in volumes or was that lower than you expected?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I think the seasonal pick up was about what we would normally see. So we're seeing the volume move up seasonally, but, again, I would add to you we're not seeing any increase in economic activity over and above what we would see in that seasonal benefit.

Hamzah Mazari - *Credit Suisse - Analyst*

Thank you.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

You're welcome.

Operator

Your next question comes from the line of Walter Spracklin from RBC Capital Markets. Your line is now open.

Walter Spracklin - *RBC Capital Markets - Analyst*

Good morning, everyone.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Good morning, Walter.

Walter Spracklin - *RBC Capital Markets - Analyst*

Just on the organic growth, you're continuing to deliver here, especially in Canada, double-digit organic growth and it's sort of-- I guess the key question is the sustainability of that. First, do you believe it's sustainable? And what makes it that you can generate that kind of organic growth level?

And as a follow-on to that, perhaps, Tom, you can chime on in on what kind of organic growth sort of underlines your assumptions that you give us in terms of your guidance?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

As it relates to organic growth, obviously, one needs a little cooperation from the economy. Clearly, when we had a recessive economy last year -- although in Canada we showed or demonstrated organic growth, it wasn't at the same pace that we're seeing today, because we are seeing the economy grow.

But I think these are questions that were probably asked to me about eight years ago. Can we continue to sustain organic growth in Canada and I think we've done it virtually every quarter. So there's probably something attached to the model that's permitting us to do that.

So, I guess going-- to be reflective, though, there's the other piece that-- and that's a population piece, as well. Organic growth grows two ways -- obviously, through GDP growth and, obviously, through population growth. It was just announced that in Canada population growth over the last virtually five years has grown 10%.

So clearly, as population grows, we are going to get the benefit of that and it was identified in the recent review by the Competition Bureau in the majority of our markets we're somewhere between the 20% to 30% range. So clearly if volume's moving 20% to 30% up because of population, you would expect we would get our fair share of that, as well.

So, consequently, the review is that in Canada we would expect to get our fair share. We expect that our understanding from Census is that Canada will continue to grow in population and, therefore, we would expect to continue to see some robust organic growth on a relative basis.

The US, again, we have a very defined program. Clearly, we're not seeing the same GDP growth in the US that we're seeing in Canada. So, therefore, again, there's a relative contribution to organic growth that relates to the GDP. But, again, as you can see through our process we seem to get a little more than the average share of that material while still increasing EBITDA margins and increasing free cash flow.

So, again, the model seems to be working. We're firing-- we're happy with the way things are firing through the system. As one expects, there's always some pushes and pulls, but overall we're happy with the process. We continue to advance our process, we continue to train our process and so we feel pretty optimistic that we'll outperform going forward.

Walter Spracklin - *RBC Capital Markets - Analyst*

And what about the assumption underlying your guidance? What kind of organic growth are you seeing in there?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Very marginal organic growth at this stage. We don't where the economy is going, so what we've really done is taken our guidance that we gave you last year and I understand that we-- in the first half we outperformed that guidance so I'll let you guys kind of determine what the outlook for the back half of the year is going to be in the economy, but, essentially, we're following the guidance that we gave at the beginning of the year and attaching-- bolting in the WSI relative performance, including the Miami-Dade performance, going forward, as well.

Walter Spracklin - *RBC Capital Markets - Analyst*

So you said very modest organic growth?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I'm saying very modest organic growth.

Walter Spracklin - *RBC Capital Markets - Analyst*

But, I mean, you just answered the question saying that we have a lot of reasons why it's going to continue. Why wouldn't you continue?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, I said we expect it to outpace our industry, but one area that I also mentioned, Walter, is that there's some concern that GDP is slowing done in the economy, as well.

Walter Spracklin - *RBC Capital Markets - Analyst*

Okay.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

And I can't be predictive in terms of where GDP is going for the next half of the year, so I'll take the approach that we feel very comfortable with the earlier guidance that we had given for the last half and if GDP outperforms that, I'll let you guys determine in your models where that's going.

Walter Spracklin - *RBC Capital Markets - Analyst*

Sure, sure. And then, just on pricing, I just want to make sure I understand this correctly. Can you give us a little bit more detail on exactly how you're calculating your year-over-year organic pricing? And if that differs from a same-store pricing, what would be your pricing if you used a purely same-store pricing measure?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

It's basically same-store pricing and then it's net price. So it's price movement, both pushes and pulls, to give you the end number.

Walter Spracklin - *RBC Capital Markets - Analyst*

Okay. So it doesn't include any organically achieved new business?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Oh, yes, it involves all the organic pricing that we've achieved through the period on a relative basis for the last period, with all pushes and pulls. In other words, price increase, price decrease, volume loss as it relates to price and what is the net price differential on a year-over-year basis.

Walter Spracklin - *RBC Capital Markets - Analyst*

Okay, good. Last question here is on your acquisitions and you made a good case there that even though you've done the WSI you remain active in the acquisition market. Can you talk to us a little bit about your strategy? Is it going to be more on the tuck-in side now and less on the new platform side? And can you update us a little bit on the prices that-- the valuations that some of those tuck-ins are going for in this market?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes, sure. I think, Walter, to be fair, there's two pieces to that. The first is that we have, definitely, some target markets that we are looking to tuck in into in those target markets. So if you would like, that's a strategy that's driven by us in terms of timing and in terms of how we can move those deals.

Once we get into platforms, clearly we know where some platforms are that we would like to move into. One would always like to move into those at their-- at our timing. Unfortunately, our timing doesn't always work in those markets. The seller has his timing, as well.

So we will respond at the appropriate time to new platforms. We do see some platforms out there that present some good opportunity for us. So we'll continue to respond to sellers in those markets.

Clearly, we'd love to just focus right now on our own strategies as it relates to tucking in our existing markets, but I fear that the timing won't always be ours. But we are ready to absorb both platforms and to absorb tuck-ins.

Walter Spracklin - *RBC Capital Markets - Analyst*

And pricing on those?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

We're not seeing a lot of movement, quite frankly, in pricing. I think everybody in our industry is feeling, obviously, the same thing that we're reporting, that we're not seeing a tremendous uptick in the economy or valuation. I think credit-- credit still has restrictions on it, which is reducing the amount of competition out there for targets.

So, it's a supply and demand elasticity issues and right now I think it weighs better on our side, today. So we're still seeing tuck-ins ranging in the 4 to 5 times-- maybe really a great one at 6 times multiple.

And then target-- a target on a stand-alone platform, really, is relative to the assets you're acquiring in terms of putting a multiple on it.

Walter Spracklin - *RBC Capital Markets - Analyst*

Sure. I'm sorry, last question here for Tom. What is the-- what's left in terms of total acquisition costs that we have to book in here?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

We have about $12 million to $13 million of post-July 2nd restructuring costs that'll run through the Company in the second half of the year, basically.

Walter Spracklin - *RBC Capital Markets - Analyst*

Okay. That's all my questions. Thanks very much, guys.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Thanks, Walter.

Operator

Your next question comes from the line of Bill Fisher from Raymond James. Your line is now open.

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Good morning, Bill.

Bill Fisher - *Raymond James & Associates - Analyst*

Yes, Tom, just to follow up, you gave a lot of debt metrics earlier, but just if you just simply added up the debt draw on the facilities as at July 2nd, that kind of pro forma, I think it was around $1 billion and I think you had about $100 million and some of other debt. Is it kind of July 2nd or whatever, was the total debt around $1.15 billion or what's a good number?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

It was very close. It was about $15 million higher than that, I think.

Bill Fisher - *Raymond James & Associates - Analyst*

Okay. And would that include the Louisiana acquisition?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Yes.

Bill Fisher - *Raymond James & Associates - Analyst*

Okay, perfect. And then, Keith, on-- you touched on a lot of the opportunities with York and Waste Services and moving their disposal lines around. Could you foresee, when you get that fully done, could some of the key northeastern or some of your sites be at or close to the daily limits, which, obviously, would help some pricing?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, they're there now.

Bill Fisher - *Raymond James & Associates - Analyst*

Okay.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

And they have been. So it's really not a volume issue. Really, what we're looking to do is get the benefit of an internalization play in that marketplace. Again, all the markets where we will be contributing material to these landfills we have critical density in those collection markets. So we have an available-- we believe that we have an availability to pass through price. So you expect that you're going to see that happen.

Again, it's the timing issue, Bill, as well. The first stage is to get the material in there, get the flow going in the right direction and then, obviously, move base price up inside the landfill through pricing expansion to the collection company.

So they will happen in a timely fashion. I will tell you that we have one individual that is his life's objective. That's all he does is move all of this around and ensure that the pricing model is hitting the targets that we're looking for.

Bill Fisher - *Raymond James & Associates - Analyst*

Okay, thanks. And then maybe it's related to this, but does Toronto still plan to move some of their waste to their own site in '11 and would that be a plus for you in terms of your relative position?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes, Toronto does. City of Toronto is moving-- really, it could affect us. Again, I will tell you that even in Ontario we are running to our max on our current sites, so really what we're looking at doing in Toronto is more managing the price.

So I would suggest to you that as the City of Toronto moves their waste to their own site, it will displace commercial volume and industrial volume out of that site, which, as you know, typically has more price elasticity. So there definitely could be a benefit to price, but I would say to you it's going to be more of what happens in the Michigan landfills that determines that, opposed to anything else.

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Bill Fisher - *Raymond James & Associates - Analyst*

Okay, great. Thank you.

Operator

Your next question comes from the line of Jason Granger from BMO Capital Markets. Your line is now open.

Jason Granger - *BMO Capital Markets - Analyst*

Good morning.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Good morning, Jason.

Jason Granger - *BMO Capital Markets - Analyst*

Just looking at your internalization rates in regions here, on your Q1 call there you commented in the US Northeast that internalization in March crept up from the high 30s to the high 40s. I'm just wondering if you could give us a sense of how internalization was trending in Q2, the US Northeast, Florida, the US South and Canada, as well?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, internalization in Canada has definitely improved, without a doubt and the Northeast remained relatively static, because when you move from a first quarter to a second quarter, there's other issues that involve internalization. Most significantly, in the North, it's going to be the climate.

So, as you know, we generate more material, typically, once the weather breaks in the North. So if you take the Northeast US, for example, with that increased volume, it increased, also, third-party volume into our sites. As you increased third-party volume, then your internalization rate will-- may go down. I wouldn't suggest to you that we're-- I'm not telling you we're down, but the-- it kind of did it in an offset in that third quarter.

However, once again, we did not move all of the Toronto or the southern Ontario waste into our sites, nor did we have an impact of WSI into those sites. So we anticipate that you will see internalized volume in the Northeast continue to increase, in spite of seasonality going forward.

Jason Granger - *BMO Capital Markets - Analyst*

Okay. And fair to say with the benefit of the WSI transaction the back half this year internalization running about 50% in the US Northeast?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

We have an objective that that's where we would like to see it be in the Northeast. That is correct.

Jason Granger - *BMO Capital Markets - Analyst*

Okay. Just turning back to the acquisition pipeline. Some time ago, a year and a half ago or so, you guys were talking about having identified $300 million worth of acquisition candidates. Could you give us a sense of how that number is looking in the current environment?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, obviously, on that existing pipeline that you're talking about, we've taken about $100 million of it, or so, off the table already.

Jason Granger - *BMO Capital Markets - Analyst*

Yes.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

It's funny how when we remove them off the table, others jump on, back on to the platform again. So as we identify real opportunities today, I wouldn't say we're-- we're somewhere between $200 million and $300 million right now and I won't give you a definite number on that.

We're in that $200 million to $300 million range. Again, I can't tell you what timing is. And that may-- would not exclude, of course, if a large platform became available, that would make that number, obviously, expand.

Jason Granger - *BMO Capital Markets - Analyst*

Okay. And if we just look at volume growth going forward here or volume movement, provided the economy continues to improve, call it a very gradual pace in the US, could you speak to the US South versus the US Northeast versus Florida, which area you get more excited about in terms of organic volume growth, independent of any synergy opportunities from the WSI transaction?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, I think just on a general basis, when you're-- we're still absorbing the effects of a recession, so clearly you get excited about every region, because you know, sooner or later, we're going to get some benefits of GDP and so from a GDP basis, you have to assume that we're going to see benefits everywhere.

I guess just on straight flat GDP where you look today where you might see some benefits, you have to say that the Northeast, on a GDP basis, is going to show some significant benefits as we come out of this recession.

Jason Granger - *BMO Capital Markets - Analyst*

Yes.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

They were the first in. They may be the first out. I think there's a lot of speculation that that could happen.

Jason Granger - *BMO Capital Markets - Analyst*

Okay.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

However, remember that in our industry we grow two ways and the other way is population. Without a doubt, we are experiencing population migration from the North to the South and so-- and clearly we are seeing that migration occur in the urban areas where we are.

So clearly in those urban areas, if there is population growth, even if it's a delayed GDP growth relative to the North, we are still going to get the benefits of that population.

So, for example -- and I've said this before -- I really think that the management team at WSI put together a great grouping of assets in Florida. Florida's been hit very, very significantly as it relates to the recession. So, ultimately, I think we all sit at a table and we realize that at some point Florida is going to spring back again. So I'm very optimistic and bullish about what's going to happen in Florida. When that occurs, I think we're positioned very well.

I like our assets there. I think we can continue to position them even better. I love our management group that is operating in the Florida region. So we're very bullish about that and, clearly, we've spoken about the assets that we've been accumulating in Louisiana and Texas and we know that Texas is a very growing-- very much a growing state with a vibrant community and economics. So we're obviously bullish about that region.

But make no mistake, I think you're going see them expand but for a different reason. One will be more population-related on a timing basis. The other will be more GDP-related.

Jason Granger - *BMO Capital Markets - Analyst*

Okay. That's very helpful. That's it for me. Thanks, guys.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Great, thank you.

Operator

Your next question is from the line of Jonathan Ellis from Bank of America Merrill Lynch. Your line is now open.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Thank you. First, just a couple of questions about the quarter and then, obviously, we can turn our attention to the merger. Just, on the-- Keith, when you talked about some seasonal volume improvement, I guess what I'm trying to reconcile is when I look at your gross margin trend, gross margins for the overall company were down about 100 basis points quarter over quarter. So can you just help us understand why you saw some sequential gross margin deterioration, despite seasonal volume pick up?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes, I think two things. Number one, Jonathan, we did acquire collection assets and, as you know, when you acquire collection assets they're not going to be coming in at the same margins that, initially, that you had with your landfills. And it's kind of in the story all the way along. If you look at the last five years, for example, we've acquired over $600 million of revenue on $1 billion that we did, for example, in 2009. That EBITDA came in at about a 20% margin and yet we were able to maintain 29%.

So what we're seeing is continue to see margin expansion in our existing assets, but it typically will get-- number one, it'll get offset by acquisitions. So you can assume, for example, the York acquisition did not come in at average margins. We're talking about a collection company in a very high disposable area where tipping fees are in the $70-- high-$70 range. So even though the free cash flow that we generate from that initially we're very pleased about, you're going to have some depletion of-- initially, of the margins.

However, I would also tell you that we have not absorbed the synergies related to the York deal, as well. So we reported, for example, with WSI that their margins were running 27% and yet we're giving you an overall report that, once blended in, we're going to be running at 29%. So, again, once we absorb the synergies and we start to apply our model to those synergies, then we move it up.

So I'm going to say to you, number one, you have a timing issue as it relates to acquisitions. That's the first step. The second step is the seasonality issue again. The typical seasonality will have effect on margins, in the North particularly, because you're-- what's increasing is your collections in the North. That is seasonality, basically and since our collection revenue represents about 70% of total revenue, then that will have an unbalanced effect as it relates to margins.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay. And the second question, just on the acquisitions that you made in the quarter and then you referenced the one in Louisiana at the end of the quarter, can you give us a sense, given the apparent magnitude, what the annualized revenue contribution is from these acquisitions, including the one that you completed right after the end of the quarter?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes, interestingly enough, the values of the assets were very similar, but I think you would suggest that low 40s in revenue would be appropriate for both acquisitions.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

I'm sorry, you say both acquisitions?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

$40 million for York; $40 million for the South.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

In the 40s.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay, each one was in the low 40s.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I didn't say-- probably mid-40s. We'll call it mid.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay. That's helpful. The other question is about the quarter. Waste Services' volumes were down in Canada while yours, obviously, showed very healthy growth. Can you just help us understand, is there differences because of geographic presence or end-market mix that would have explained such a divergence in volumes?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I would suggest -- and I'm going to be speculating on this, because we weren't operating the company at that time, Jonathan -- but my speculation would be, first of all, you had a company that was in transition. There were certainly uncertainties as it relates to the corporation so I would suggest that the focus was do focus on price and there was clearly a focus on cost and maintaining the value of the corporation through the period.

In terms of growing the value, there was no more benefit, I guess realistically, the way we had set the deal, to continue to grow the corporation. There was, clearly, some focus, then, to maintain the value of the corporation as opposed to grow the value.

In addition to that, they operate under a different model. I think, quite frankly, if you were to prompt-- if you go back and you look at the public documents, that their gross margin, even though we operate in the same markets, were not the same. We see that everywhere, every company.

So that's where we think there's great and we've proven, I think, that there's great opportunities. When we pick up these assets, not only do we get the obvious synergies, but we also get the model synergies related to putting other assets into our model. So we see some great opportunity to continue to grow these assets and volume in Canada, as well.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay, great. And just if we could transition, talking about the merger, in terms of the synergies -- and I just want to be crystal clear about this -- are you actually spending-- expecting any contribution to 2010 from cost synergies? I know you talked about your run rate as of the end of the year, but are you actually expecting any contribution during 2010?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

We have not given you anything that is material that I would-- if I'm doing a model, I wouldn't put anything in my models that's material for synergies in 2010 in our forecast.

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Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay. And then you talked about half coming from SG&A, half from cost of operations. Within the half from cost of operations, just to get a better handle on this, can you give us, maybe even, if not percentage-wise perhaps directionally how much is coming from workforce reduction versus overlapping routes versus facility consolidation, just to give us some sense of what the sources of the cost of operations savings will be?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I'd rather give you more color on that in the next quarter than now. We're not completed, Jonathan, talking to all the various people. So there's personnel issues involved at this time. So to segregate personnel out and throw a number out there is probably not in our benefit today.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

But, again, overall I would say to you that it's-- we're being somewhat cautious in terms of how we-- what numbers we give you folks and the timing, et cetera, so we're not-- there's nothing that you would see on an abnormal basis. How's that?

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay. That's helpful. Just one other point of clarification on synergies. The financing savings, Tom, I think you mentioned $3 million. Is that part of the $25 million to $30 million, or is that on top of that?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

No. The $25 million to $30 million that we historically gave was cost expenses above EBITDA.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay, got you. And then just if we can move below EBITDA, for a moment, on interest expense, you gave this $3 million number for savings. I'm just trying to get a better handle, though, on when we look at your total interest expense for 2010 and segregate out the cash interest from amortization expense that you're going to have to recognize, can you give us some sense of what you're anticipating for total interest expense and, perhaps, for the amortization component?

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Yes. I think the amortization expense portion will be in the $2.5 million to $3 million range, all in on the balance of this year. Obviously, the bulk of that is $16 million divided by four years. So on an annualized basis, it'll be a little bit higher than $4.5-- or $4 million, because there's some other amortizations related to the debentures and the IRBs, et cetera.

So from an all-in interest expense and this, obviously, fluctuates around a little bit related to LIBR, but we're looking at something slightly less than, all-in, $60 million of interest, day one, any ways. And then based off of what estimate you want to put in there for interest expense going forward that could fluctuate.

But our guidance, obviously, I think you'll-- if you look at where we said before and after, based off of the new debt levels, I think you'll see that that'll come in about $30 million of interest in the second half of the year.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay, that's helpful.

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Cash interest.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Cash interest.

Tom Cowee - *IESI-BFC Ltd. - VP and CFO*

Yes.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay, that is helpful. And then just to wrap up, the-- you talked about some of the synergies and the integration of Waste Services in southern Ontario and what it can mean for your New York landfills. Can you just help us to understand, though, are there any limitations on how quickly you can redirect some of the Waste Services volumes to your landfills? Do they have long-term disposal contracts in place that require some patience on your part? Any clarity there?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

No, we are-- we do not see a lot of restrictions. So we have a lot of ability. Obviously, it involves some different trucking to move it in different directions. So that's being organized and so-- I mean, typically, Jonathan, you it usually takes probably four to five to six weeks before-- from the time you initiate an opportunity to the time you line up the trucking to the time you-- there's usually a displacement involved, as well.

So, in other words, I mentioned to you that, for example, we're operating at full volume in our US sites. So if we're brining more internalized volume, that means somebody else can't come in. So there's a displacement feature there, as well.

So typically it takes several weeks. But to put a hard number on it is very difficult, because every region is different. But with different asset requirements and different conditions with third parties using the sites.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Okay. But just to be clear, in the next year, let's use that as a timeframe, there's no reason from a contractual standpoint that you wouldn't be-- you wouldn't have complete flexibility to redirect waste streams as you see fit?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes. We pretty much have that now. It's not-- there's not a lot of restrictions on our waste stream.

Jonathan Ellis - *BofA Merrill Lynch - Analyst*

Got. Thank you.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

You're welcome.

Operator

We have time for one more question. Your next question is from the line of Michael Hoffman from Wunderlich Securities. Your line is now open.

Michael Hoffman - *Wunderlich Securities - Analyst*

Just very quickly to go over the pro forma guidance, if I do a back of the envelope, take the $427 million in combined revenue, kind of do a multiply by three and add the first quarter, that's $1.664. Add in the-- roll over the acquisitions, I'm at $1.7 billion. So I get your guidance, but I'm not wrong about sort of the direction of that?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, you might want to look at a little bit of seasonality as it relates to the fourth quarter, as well.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And then same thing on the EBITDA, if you do the same kind of math, take the $125 million in the third quarter and then add the second quarter three times, plus the $110 million in the first, you're at $485.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Again, you have relative seasonality in there, as well.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And then, if I recall, just to be clear, on the (inaudible) volume issues, in 2Q '09 there was some special waste in Canada and then 2Q '09 versus 2Q '10 Florida, you do have-- we haven't lapped the bottom of the volume issue and we're in their seasonal dip in their business model. So it shouldn't be surprising, taking out the special waste activity, year over year in Canada and then the year-over-year comparison to Florida that it would have been flat to negative.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

No. Well, Florida clearly is up, because-- they're up on MSW volume because of Miami-Dade about 40% year-over-year. So that's going to continue to flow through, as well. But clearly we know in Florida that special waste is a key component. You have two major landfills in the state and the economy, although it's slowed down, it hasn't stopped.

So ultimately, the addition to that is when you're dealing in the special waste business, it-- you usually can scheduled ahead. It's not like these things occur overnight and, bang, somebody calls you and says, okay, I have a big job tomorrow. You usually have an indication and you try to schedule when these jobs are going to occur.

So although we have a pretty good sense in terms of where we are in our Canadian assets, we feel good about the balance of the year, in terms of the guidance that we've given, so we're not showing anything than what we're seeing in the field as it reflects the balance of the year, as it reflects special waste.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And then can you share with us what the new incentive comp model is for you and your team relative to the synergy targets or what are the motivators here as far as how much and when and for what?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes. It's a pretty simple concept in the Company and this goes whether it's the Waste Services acquisition or any acquisition. The minute we do an acquisition, whatever has been used in the components that I give you on the expected returns are immediately placed into performance standards in the Corporation. So, in other words, my performance standards include synergies. They include performance, as well, as it relates to not only the WSI acquisition but York and these other acquisitions.

So our objectives are really tied in to free cash flow and to financial EBITDA and revenue related to the acquisitions, the synergies and the existing performance of our asset group, along with a component of growth that we expect on a year-- that our Board expects on a year-over-year basis.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. So as it relates to this year, 2010, the $20 million that you've targeted, that's sort of the minimum threshold to meet your incentive comp system, your incentive comp matrix?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

You say-- I'm sorry, say again?

Michael Hoffman - *Wunderlich Securities - Analyst*

I'm sorry. I said that badly. Within your incentive comp model, the $20 million that you've targeted for this year on a run-rate basis, that's the minimum to meet your threshold for triggering--

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Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

I'm not-- we do have some synergies included, but I wouldn't give you the number.

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Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And then if I recall from the first quarter, you were running your Ridge and your Seneca Meadow landfills at full-- sort of at an annualized full capacity. So any re-routing at this juncture displaces volume, which theoretically has got to find a new home. So that's a catalyst for creating a pricing leverage broadly in the marketplace?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Yes. That's what I was alluding to, earlier. If you're-- the only issue, of course, is you see pricing movement, assuming that everybody's operating at full capacity. I'm not sure-- if everybody remains price disciplined, then you will see price appreciation as you add more capacity. But the variable is, will everybody remain disciplined or will they just fold price.

So one benefit, clearly, is we are replacing third party volume, which we do not control price, with internalized volume which we do control price.

Michael Hoffman - *Wunderlich Securities - Analyst*

Which brings me to the part two of that. So what's, in your mind, the lag between-- and I get the strategy. Bring the volume in at a number, displace the third-parties or more-mercenary volume. Let that go into the market, however it's absorbed. If you're lucky, prices go up around you. But how quickly after you've done that internalization is the lag to you being able to pass price?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Michael, every one of our markets is a little different. Because, again, we talk about running market strategies. We really do have different strategies in every market.

On some of them we want to-- we want to be more-- we want to push price through a little more aggressively. In other markets, we'll do it on a different timing. It's all going through. It's just a matter of what the right timing of it is.

So we want to tie the timing up with the volume strategies that we have in the same markets. And so clearly, to say to you, this is exactly the timing, we want to weigh out the benefit of the organic volume growth with that-- with the pricing, as well.

So ultimately, the key, obviously, we want-- we'd like to see it-- all that movement occur through the balance of this year, but to say that it's going to happen in month two or month three is very difficult for me to give you an exact target.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. Fair enough. And then, Tom, on the capital spending guidance, if I take Waste Service's and your annual numbers and add them together on a full-year basis, that's sort of $137 million to $152 million, if I take out the $16 million that Waste Service spent at the beginning of the year, then I'm kind of $120 million to $136 million.

So the lower end of your guidance is up. So is there some spending going on that needs to be done or is there some new opportunities that are lending to, on the low end, some spending?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

No, I mean, obviously-- we really like-- let me just kind of highlight the CapEx.

We kind of like the-- first of all, the growth that we've absorbed this year. We really absorbed a lot of the growth into our existing asset base. So we have-- whereas last year we actually brought on new business that required new assets, that brought on new assets.

So on a comparable basis, we're generating a better return on our existing assets, not that it was good last year, but clearly we haven't required the CapEx spending on a growth basis this year, while increasing volume.

However, we did improve the assets-- there was a contract opportunity in one of the acquisitions that we did to put some new capital in and increase our revenues slightly, as well, and it did mean putting some new capital in, which we have done. So you're going to see that factored into the guidance, going forward on one of these acquisitions.

But overall, I would say to you that there are clearly some CapEx savings as it relates to investment of capital with WSI. We're, obviously, a larger client of the equipment manufacturers than WSI. So we've identified that there is CapEx synergies related to that, going forward.

Since we haven't gone into 2011 and done our truck ordering yet, we haven't fully realized or given you the realization on a free cash flow basis of that discount. But at the year goes on, we'll highlight that and give you a little more color.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And then last two, the Vancouver Waste Authority is doing a fairly comprehensive analysis about their long-term disposal needs. Part of it is tied to the possibility of an incinerator being built. So where is-- where do you all come out on the input and influence and direction you'd like to have that go and how does that affect you?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, the influence, obviously, would be for the city to get out of the waste business and put us in. It's much more efficient for the citizens and it'll lower their tax rate. But I think you expected that answer.

Michael Hoffman - *Wunderlich Securities - Analyst*

Yes.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

The-- you have to remember that part of the world were the founders of Greenpeace. So we know that there's been some push-back in terms of incineration in the region. In fact, you know, the Vancouver Waste-- The Regional Vancouver Waste District have expanded the existing landfill capacity that exists within the Region.

My sense is that they'll continue to put a tight hold on controlling disposal and disposal pricing in that region. My further sense is that it generates quite a nice income to general revenues in the area and I don't think they'll want to give that up.

That creates opportunities for us, but it's not to our benefit to go into what those detailed opportunities would be in the long run.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. And lastly, I can't resist asking, but what's happening with the name of the Company?

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

That's the toughest question of all. We do-- we have some-- naming targeted. We will definitely be doing some transitioning and some branding. We've started the hiring procedure in terms of the rebranding composition with some professionals.

So we expect that it'll be done very professionally but that plan has not been finalized or laid out at this stage. We'll continue to operate under Florida, under the WSI nameplate. We'll continue the other areas, for the time being, under IESI and BFI, but expect that that will happen. So soon as we have a more concrete plan, I'll convey that plan to the markets. But at this stage we have some target names, but at this stage, we don't have the execution.

Michael Hoffman - *Wunderlich Securities - Analyst*

Okay. Thank you very much.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

You're welcome.

Operator

There are no further questions at this time. Mr. Carrigan, I turn the call back over to you.

Keith Carrigan - *IESI-BFC Ltd. - Vice Chairman and CEO*

Well, once again, I'd like to thank you for your support and for joining us on the call today. I would reiterate that we're extremely pleased with the way the Company is-- and our employees are performing. They continue to execute great strategies inside their marketplaces and we just think that the bar is moving one step further in the right direction. So we're very, very pleased about that.

Once again, as we've mentioned, as you can see in terms of the forecast going forward, we're delighted to have our new employees from WSI, from SWDI and from York, who have joined us in this quarter and we anticipate some very significant contributions from them over the next period.

So, once again, folks, thank you and we look forward to seeing you on our next quarterly call. Have a good day.

Operator

This concludes today's conference call. You may now disconnect.