

July 16, 2009



# IESI-BFC Ltd. Primer On Reconciliation Of Canadian To U.S. GAAP



# Forward-Looking Statements



This presentation contains forward-looking statements, within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of the Company. Forward-looking statements are statements that are not historical facts and that are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements. A number of factors could cause actual outcomes and results to differ materially from those estimated, forecast or projected. These factors include those set forth in the Company's Annual Information Form for the year ended December 31, 2008. Consequently, readers should not rely on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with these forward looking statements, and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

# Introduction



- IESI-BFC Ltd. has historically reported its financial results in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and in Canadian dollars.
- The Company has elected to report its financial results in accordance with U.S. GAAP and in U.S. dollars commencing with its results for the second quarter ended June 30, 2009.
- This presentation is intended to outline the relevant differences between Canadian GAAP and U.S. GAAP affecting IESI-BFC Ltd. in advance of the filing of its second-quarter results on July 29, 2009.
- This presentation does not provide a comprehensive list of Canadian and U.S. GAAP differences and describes only those items with the most significant impact on the financial statements of IESI-BFC Ltd.
- A more detailed explanation of the differences is included in the supplemental note disclosure to the Company's consolidated financial statements for the years ended December 31, 2008 and 2007, and the period ended March 31, 2009, as filed on EDGAR and SEDAR on May 14, 2009. These consolidated financial statements are also available on the Company's website at [www.iesi-bfc.com](http://www.iesi-bfc.com).
- As additional support, the Company issued a press release on July 15, 2009, which included the Company's 2007 annual financial statements, 2008 interim financial statements and first-quarter 2009 financial statements, presented in U.S. GAAP and in U.S. dollars. These financial statements are also available on the Company's website in the Investor Relations section under the heading Financial Reports.

# Canadian To U.S. GAAP Differences Overview



This table highlights the impact of moving from Canadian GAAP to U.S. GAAP on key financial performance measures. The primary Canadian to U.S. GAAP differences are explained in more detail on the following slides.

	Revenue	EBITDA <sup>(A)</sup>	Free Cash Flow <sup>(B)</sup>	Net Income
Restricted cash			■	
Capitalization of deferred financing costs			■	↕
Share or trust unit based compensation		↕	↕	↕
Capitalized interest on capital and landfill assets			■	↕
Shareholders' or unitholders' equity				■

Higher or Lower    
 Generally Higher    
 Generally Lower    
 Neutral

<sup>(A)</sup> <sup>(B)</sup> EBITDA and free cash flow are non-GAAP measures used by IESI-BFC Ltd. and are defined in Appendix A on slide 13.

# Restricted Cash



## Description and Analysis

### Key Accounting Differences

- Under Canadian GAAP, the Company includes restricted cash balances related to IRBs in cash and cash equivalents, as its intended use is deemed to be current. Under U.S. GAAP, restricted cash amounts are considered investments that limit the holder's ability to use such amounts.
- In addition, under U.S. GAAP, deposits and withdrawals of restricted cash amounts are recorded as an investing activity in the consolidated statement of cash flows.

### Key Presentation and Disclosure Differences

- To comply with U.S. GAAP, the restricted cash amounts, reported in cash and cash equivalents on the Company's consolidated balance sheet, were reclassified.
- In addition, restricted cash deposits and withdrawals are reclassified to investing activities on the Company's consolidated statement of cash flows compared to a change in cash and cash equivalents under Canadian GAAP.

## Impact on IESI-BFC

- The difference in accounting results in a simple reclassification and does not have an impact on key financial performance measures.

Financial Statement Impact	Balance Sheet	Income Statement	Cash Flows	Disclosure
	X		X	X

# Capitalization Of Deferred Financing Costs



## Description and Analysis

## Impact on IESI-BFC

### Key Accounting Differences

- Under Canadian GAAP, the Company recognized all transaction costs in net income, including those costs incurred in respect of its long-term debt instruments.
- Under U.S. GAAP, costs incurred to secure long-term debt are deferred and amortized over the term of the underlying debt instrument.

### Key Presentation and Disclosure Differences

- To comply with U.S. GAAP, the Company has reversed the impact of its Canadian GAAP policy selection, which results in an increase in deferred financing costs and equity (deficit, non-controlling interest, and accumulated other comprehensive loss) on its consolidated balance sheet, and recorded a reduction to financing costs on its consolidated statement of operations and comprehensive income.
- Amortization of deferred financing costs is recorded to interest expense under U.S. GAAP.

- Financing costs will be capitalized and amortized instead of expensed.

Financial Statement Impact	Balance Sheet	Income Statement	Cash Flows	Disclosure
		X	X	X

# Share Or Trust Unit Based Compensation



## Description and Analysis

### Key Accounting Differences

- Under Canadian GAAP, share or trust unit options and the related charges are recorded to SG&A expense when the quoted market price of the share or trust unit exceeds the share or trust unit options exercise price.
- Under U.S. GAAP, stock or trust unit appreciation rights are measured at fair value at the date of grant and re-measured at fair value to the date of settlement. The resulting compensation expense is recorded to SG&A expense.

### Key Presentation and Disclosure Differences

- The Company uses the Black-Scholes-Merton option pricing model which requires the input of highly subjective assumptions. These assumptions include the estimated length of time employees will retain their options before exercising them and the expected volatility of the Company's share or trust unit price over the expected term.

## Impact on IESI-BFC

- There will be greater fluctuation in compensation expense included in SG&A because stock options are fair valued under U.S. GAAP.

Financial Statement Impact	Balance Sheet	Income Statement	Cash Flows	Disclosure
	X	X	X	X

# Capitalized Interest On Capital And Landfill Assets Acquired, Constructed or Developed Over Time



## Description and Analysis

### Key Accounting Differences

- Under Canadian GAAP, the cost of tangible assets may include capitalized interest costs directly attributable to an asset's acquisition, construction, or development, prior to the asset's substantial completion or readiness for use, if the enterprise's accounting policy is to capitalize interest costs.
- Under Canadian GAAP, the Company elected to expense all interest costs incurred on its long-term debt facilities.
- Under U.S. GAAP, the cost of acquiring, constructing or developing an asset includes the cost of interest incurred in advance of the assets' substantial completion or readiness for use.

### Key Presentation and Disclosure Differences

- To comply with U.S. GAAP, interest costs attributable to the construction and development of certain Company-owned landfills and certain capital assets have been deducted from interest expense and have been capitalized to the respective asset.
- Capitalized amounts are amortized over the asset's intended useful life in accordance with the respective accounting policy.

## Impact on IESI-BFC

- A portion of interest expense related to capital and landfill acquisitions, construction and development is capitalized and amortized under U.S. GAAP.

Financial Statement Impact	Balance Sheet	Income Statement	Cash Flows	Disclosure
	X	X	X	X

# Shareholders' Or Unitholders' Equity And Non-Controlling Interest



## Description and Analysis

### Key Accounting Differences

- Prior to the Company's conversion from a trust to a corporation, its trust units were considered permanent equity under Canadian GAAP and were presented as a component of unitholders' equity.
- Participating preferred shares (PPSs) were recorded as non-controlling interest in the mezzanine equity section of the Company's consolidated balance sheet.
- Under U.S. GAAP, issued equity, which is redeemable for cash or other assets on a fixed or determinable date at the option of the holder, was classified outside of permanent equity.

### Key Presentation and Disclosure Differences

- The Company had to classify its trust units and PPSs as mezzanine equity and record the value at their maximum redemption amount at each balance sheet date. The resulting increase or decrease was recorded to deficit.
- To comply with U.S. GAAP, trust units and PPSs were reclassified from Unitholders' Equity and Non-controlling Interest to Mezzanine Equity on the balance sheet.
- The non-controlling interest's share of net income recorded under Canadian GAAP was eliminated for the purpose of complying with U.S. GAAP.

## Impact on IESI-BFC

- Prior to the Company's conversion to a corporation on October 1, 2008, its units and PPSs were classified as mezzanine equity under U.S. GAAP (ie. no shareholder's equity).
- Post-conversion, the shares and PPSs are treated as permanent equity and non-controlling interest.

Financial Statement Impact	Balance Sheet	Income Statement	Cash Flows	Disclosure
	X	X		X

# Appendix A

## Definitions of EBITDA and free cash flow

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

- Amortization – as a non-cash item amortization has no impact on the determination of free cash flow.
- Interest on long-term debt – interest on long-term debt is a function of the Company’s debt/equity mix and interest rates; as such, it reflects the treasury/financing activities of the Company and represents a different class of expense than those included in EBITDA.
- Financing costs – financing costs are a function of the Company’s treasury/financing activities and represents a different class of expense than those included in EBITDA.
- Net gain or loss on sale of capital and landfill assets – proceeds from sale of capital and landfill assets are either reinvested in additional or replacement capital or landfill assets or used to repay the Company’s revolving credit facility.
- Net foreign exchange gain or loss – as non-cash items, foreign exchange gains or losses have no impact on the determination of free cash flow<sup>(B)</sup>.
- Net gain or loss on financial instruments – as non-cash items, gains or losses on financial instruments have no impact on the determination of free cash flow<sup>(B)</sup>.
- Other expenses – other expenses typically represent amounts paid to certain management of acquired companies who are retained by the Company. These expenses are not considered an expense indicative of continuing operations. Accordingly, other expenses represent a different class of expense than those included in EBITDA.
- Income taxes – income taxes are a function of tax laws and rates and are affected by matters which are separate from the daily operations of the Company.
- EBITDA should not be construed as a measure of income or of cash flows. The reconciling items between EBITDA and net income (loss) are detailed in the consolidated statement of operations and comprehensive income beginning with “income before the following” and ending with “net income (loss)”.

(B) The Company has adopted a measurement called “free cash flow” to supplement net income (loss) as a measure of operating performance. Free cash flow is a term which does not have a standardized meaning prescribed by GAAP, is prepared before dividends and distributions declared, and is therefore unlikely to be comparable to similar measures used by other issuers. The objective of presenting this non-GAAP measure is to align the Company’s disclosure with disclosures presented by other U.S. based companies in the waste industry, to assess the Company’s primary sources and uses of cash flow, and to assess the Company’s ability to sustain its dividend. All references to “free cash flow” in this presentation have the meaning set out in this note.

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