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# ARCTIC GLACIER INCOME FUND

## Arctic Glacier Posts Third Quarter Results

**WINNIPEG – November 12, 2008** – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the third quarter ended September 30, 2008.

### Summary

- Increased sales by \$7.3 million or 7%
- Increased EBITDA by \$0.9 million or 2%
- Decreased distributable cash by \$1.5 million or 4%
- Commenced implementation of automation in 3 California plants
- Recorded goodwill impairment charge of \$33.8 million
- Suspended cash distributions following August 2008 distribution

“Arctic Glacier faced a number of challenges during the quarter that impacted our operating results,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “The unseasonably cool and wet weather that affected many of our markets continued through the key selling season in July and August, reducing sales volumes compared to last year. These conditions continued through September in eastern Canada and the northeastern U.S.”

During the quarter the Fund also encountered a number of broad economic issues. The dramatic rise in the price of diesel fuel over the past year increased operating costs. The Canadian dollar was substantially stronger versus the U.S. dollar during the first seven months of 2008 compared to the same period in 2007. The result was a reduction of the Canadian-dollar value of sales made in the U.S., which comprises more than 80% of Arctic Glacier’s business. In addition, the cumulative effect of a slowing North American economy, combined with gasoline prices at historic highs led to unprecedented economic conditions over the summer that further dampened consumer demand and reduced sales volumes.

The ongoing investigation by the Antitrust Division of the U.S. Department of Justice into the U.S. packaged ice industry, plus related litigation significantly increased Arctic Glacier’s costs. Uncertainty about the timeline and outcome of the investigation and litigation has had the added effect of impeding the Fund’s access to capital markets. Management continues to cooperate with authorities in the course of the investigation.

Subsequent to quarter end, an investor class-action lawsuit was filed against the Fund. This lawsuit is without merit and Arctic Glacier will vigorously defend against it in court.

### Third Quarter 2008 Review

Sales in the third quarter totaled \$113.9 million, an increase of 7% over the same period last year. The increase was largely due to two factors. Operations acquired since the third quarter of 2007 added \$4.6 million to the third-quarter total, and sales in previously serviced markets increased by \$3.4 million or 3% as a result of higher pricing, partially offset by poor weather in

certain markets and the impact of the economy on consumers. For the first nine months of 2008, sales increased 1% to \$215.8 million. Acquisitions contributed \$8.0 million, while sales from previously serviced markets gained \$3.7 million or 2%. These gains were partially offset by the stronger Canadian dollar, which reduced sales by \$8.6 million.

The cost of sales, selling, general and administrative expenses increased by 10% to \$69.8 million. The change was mainly due to increased energy expenses and recent acquisitions, partially offset by the stronger Canadian dollar. For the nine-month period, costs moved up by 4% to \$154.6 million. Acquisitions contributed \$6.2 million, while expenses in previously serviced markets increased \$7.4 million due to significant increases in energy outlays and inflationary increases in wages, benefits and other input costs. The stronger Canadian dollar reduced costs by \$7.4 million.

EBITDA during the third quarter increased by 2% to \$44.1 million. Acquisitions contributed \$1.8 million to EBITDA in the third quarter, while EBITDA in previously serviced markets was down by \$0.7 million as a result of lower sales volumes. Nine-month EBITDA moved down by 5% to \$61.2 million. EBITDA in previously serviced markets decreased by \$3.7 million due to poor spring and summer weather and the impact of the economy on consumers as well as higher energy costs and \$1.2 million due to the stronger Canadian dollar. These decreases were partially offset by a contribution from acquisitions of \$1.8 million.

The costs and related expenses of the antitrust investigation and related litigation totaled \$1.7 million for the third quarter, bringing the total for the first nine months of 2008 to \$4.8 million.

Due to reduced operating margins driven by increased input costs, the weakened North American economy, challenging credit markets, reduced valuation of packaged-ice companies and the effect of the stronger Canadian dollar compared to the value at acquisition date, Arctic Glacier's goodwill was evaluated at September 30, 2008. It was determined that the recorded value of goodwill exceeded fair value for Arctic Glacier's northeastern U.S. reporting unit. This operation has significantly lower operating margins than other reporting units and a non-cash impairment charge of \$33.8 million was recorded for the third quarter.

The goodwill charge plus costs of the antitrust investigation contributed to a net loss of \$7.5 million for the third quarter, compared to net income of \$23.4 million for the same period in 2007. Without these expenses (on an after tax basis), adjusted net income for the three-month period was \$18.7 million. The 20% decline from adjusted earnings in the same quarter of 2007 was due to non-cash mark-to-market adjustments on foreign exchange contracts and long-term debt, gains on the disposal of property in the previous year, and increased amortization charges and interest costs.

Adjusted earnings per unit totaled \$0.48 (basic) and \$0.45 (diluted) in the third quarter of 2008, versus \$0.60 (basic) and \$0.54 (diluted) for the same period last year. For the first nine months of 2008, adjusted earnings amounted to \$15.9 million or \$0.41 per unit (basic and diluted), compared to \$24.2 million or \$0.64 (basic) and \$0.63 (diluted) for the same period last year.

## **Suspension of Distributions**

The Fund declared distributions to unitholders totaling \$6.5 million during the third quarter, compared to \$10.7 million in 2007. The decrease occurred because distributions were reduced to an annual rate of \$0.90 per unit for the month of August 2008, and then distributions were suspended beginning with the month of September 2008.

The action was taken due to a number of material considerations, including:

- Higher energy costs, which reduced operating margins and cash flow in 2008;
- Increasing costs of the ongoing antitrust investigation in the U.S. and related litigation;
- Unfavorable weather, owing to unseasonably cool and wet spring and summer conditions in key markets;
- The cumulative effect of a slowing economy, coupled with gasoline costs at historic highs to create unprecedented economic conditions over the summer that dampened consumer purchasing and reduced sales volumes; and,
- A stronger Canadian dollar during much of the year, reducing the amount of Canadian dollars generated when U.S. cash flow is converted into Canadian dollars.

During the third quarter the crisis in the global financial and credit markets intensified. The uncertainty about the timing and outcome of the antitrust investigation impeded access to capital markets, while at the same time the market value of the Fund's units and convertible debentures continued to decline.

As conditions continued to deteriorate, concerns increased regarding the Fund's ability to remain compliant with the financial terms of its credit facilities. These developments amplified Arctic Glacier's need to conserve cash and improve balance sheet strength. In response, the Trustees determined it was most prudent to redeploy the approximately \$3.6 million per month that would be paid in distributions toward debt reduction. As a result, Arctic Glacier's financial position will strengthen and interest expense will incrementally decline in the future. These savings will be of substantial value during the seasonally weaker quarters when debt levels are traditionally highest.

"All of Arctic Glacier's Trustees, directors and senior officers are unitholders and, like other Arctic Glacier investors, they appreciate the significance of distributions to unitholders," said Mr. McMahon. "Our decisions are guided, as they always have been, by the best interests of our investors."

## **Financial Position**

As at September 30, 2008, Arctic Glacier's total long-term debt, excluding convertible debentures, was \$195.4 million, compared to \$155.1 million at the same time last year.

In September, the Fund's lenders amended the revolving term credit facility to temporarily accommodate increased debt to EBITDA ratios. Quarterly leverage covenants were increased to 3.25:1 for the third and fourth quarters of 2008 and to 3.50:1 for the first quarter of 2009.

Concurrently, the terms of the senior note facility were amended to accommodate the same leverage levels.

The Fund's net debt to EBITDA ratio as defined in its credit facilities at the end of the quarter was 3.0:1, compared to 2.0:1 at December 31, 2007. The increase was attributable to increasing costs of the antitrust investigation, lack of access to capital markets to undertake an equity offering that had been planned for the spring, financial results for the spring and summer falling short of expectations and the weakening of the Canadian dollar near the end of the quarter. As at September 30, 2008, the Fund was in full compliance with all covenants.

At September 30, 2008, the Fund's credit facilities were comprised of a US\$60 million senior note facility and a US\$161 million revolving term credit facility.

## **Outlook**

Arctic Glacier has faced a number of challenges in 2008 that have impacted operating results.

The ongoing investigation by the Antitrust Division of the U.S. Department of Justice into the U.S. packaged ice industry, along with related litigation has significantly increased the Fund's costs. While Arctic Glacier continues to cooperate with authorities, it is not possible to predict the timeline or final outcome of the investigation or related litigation, nor any potential effect they may have on the Fund or its operations.

The Fund also saw significant increases in energy costs this year. There has been a significant decline in fuel costs in the last few months, which may lead to a reduction in operating costs in the future.

During the first seven months of 2008, the strong Canadian dollar had the effect of reducing Canadian-dollar volumes of revenues generated in the U.S. However, in recent months the Canadian dollar depreciated significantly and if this continues into future quarters the Fund will benefit from enhanced revenues and cash flow.

Unseasonably cool and wet weather affected many of Arctic Glacier's markets during the key selling season in July and August this year. These conditions reduced sales volumes compared to 2007 and a return to normal weather patterns is expected in 2009.

For the balance of 2008, Arctic Glacier's sales and EBITDA are expected to continue to benefit from acquisitions made over the past year. Increases in input costs have been passed on to customers through increased pricing.

Management will continue to focus on cost management and capital expenditures will be closely monitored. Arctic Glacier will continue its ongoing rationalization and integration of acquired operations, and plant and equipment will be upgraded where capital is available.

Arctic Glacier Trustees and management appreciate the significance of distributions to unitholders. Going forward, the Fund's finances will be assessed on an ongoing basis to determine when it is financially appropriate to reinstate distributions.

## About Arctic Glacier

*Arctic Glacier Income Fund, through its operating company, Arctic Glacier Inc., is a leading producer, marketer and distributor of high-quality packaged ice in North America, primarily under the brand name of Arctic Glacier® Premium Ice. Arctic Glacier operates 38 production plants and 51 distribution facilities across Canada and the northeast, central and western United States servicing more than 75,000 retail accounts.*

*Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 39.0 million trust units outstanding.*

## Conference Call and Webcast

Arctic Glacier will discuss third quarter 2008 results during a conference call with a live audio webcast for investors and analysts on **Wednesday, November 12 at 11 a.m. (EDT)**. To access the simultaneous webcast, log on to Arctic Glacier's website at [www.arcticglacierinc.com](http://www.arcticglacierinc.com). Please note the webcast allows participants to listen only.

## Forward-Looking Statements

This news release contains forward-looking statements, which are subject to certain risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, and there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as at the date of this news release, and the Fund assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances.

## Non-GAAP measures

EBITDA, adjusted earnings and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as earnings before interest, taxes, depreciation, amortization, acquisition integration charges, gains or losses on foreign exchange, goodwill impairment charge and other non-recurring expenses. EBITDA is a performance measure used by management to provide an indication of cash available for distribution from ongoing operations prior to debt service, capital expenditures and income taxes and is often used to compare companies and income trusts on the basis of ability to generate cash from ongoing operations. Adjusted earnings is defined as earnings before one-time after tax costs of antitrust investigation and related expenses and goodwill impairment. Adjusted earnings is used by management to evaluate the ongoing profitability of the Fund by eliminating the effect of these material one-time non-operating costs. Distributable cash is a performance measure used by management to summarize the funds available for distribution to unitholders in an income trust. Investors should be cautioned that EBITDA, adjusted earnings and distributable cash should not be construed as alternatives to earnings, cash from operating activities or other

financial measures determined in accordance with GAAP as indicators of the Fund's performance. The Fund's method of calculating EBITDA, adjusted earnings and distributable cash may differ from other companies and income trusts and, accordingly, may not be comparable to measures used by them.

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### **Contact Information**

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The Toronto Stock Exchange does not approve or disapprove of the adequacy or accuracy of this release.

**ARCTIC GLACIER INCOME FUND****Interim Consolidated Balance Sheets**

As at September 30, 2008 and 2007 (unaudited) and December 31, 2007 (audited)

(thousands)	<b>September 30, 2008</b>	September 30, 2007	December 31, 2007
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 7,420	\$ 16,744	\$ 4,645
Accounts receivable	30,304	28,385	13,182
Inventories	10,413	10,537	11,797
Prepaid expenses	4,193	5,057	4,693
	<u>52,330</u>	60,723	34,317
<b>Future income taxes</b>	<b>5,136</b>	-	-
<b>Property, plant and equipment</b>	<b>166,550</b>	157,235	156,099
<b>Investments</b>	<b>870</b>	813	811
<b>Other assets</b>	<b>50</b>	134	113
<b>Intangible assets</b>	<b>142,256</b>	132,080	132,173
<b>Goodwill</b>	<b>157,308</b>	171,743	172,973
	<u>\$ 524,500</u>	\$ 522,728	\$ 496,486
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 29,880	\$ 25,879	\$ 24,972
Distributions payable to unitholders	-	3,566	3,569
Principal due within one year on long-term debt	1,637	13,829	3,165
	<u>31,517</u>	43,274	31,706
<b>Long-term debt</b>	<b>193,743</b>	141,251	147,123
<b>Convertible debentures</b>	<b>82,191</b>	79,692	80,302
<b>Future income taxes</b>	<b>-</b>	8,613	2,790
<b>Unitholders' equity</b>			
Units	375,462	374,186	374,433
Contributed surplus	1,370	994	1,069
Equity portion of convertible debentures	9,206	9,206	9,206
Deficit	(126,199)	(71,668)	(86,109)
Accumulated other comprehensive loss	(42,790)	(62,820)	(64,034)
	<u>217,049</u>	249,898	234,565
	<u>\$ 524,500</u>	\$ 522,728	\$ 496,486

**ARCTIC GLACIER INCOME FUND****Interim Consolidated Statements of Operations**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands, except per unit amounts)	Three Months		Nine Months	
	2008	2007	2008	2007
<b>Sales</b>	<b>\$113,944</b>	\$ 106,584	<b>\$215,816</b>	\$ 212,754
Cost of sales, selling, general and administration expenses	<b>69,814</b>	63,309	<b>154,611</b>	148,417
Earnings before the undernoted	<b>44,130</b>	43,275	<b>61,205</b>	64,337
Amortization	<b>8,263</b>	7,502	<b>23,488</b>	23,171
Interest	<b>6,557</b>	5,912	<b>17,030</b>	15,776
Acquisition integration charges	<b>97</b>	179	<b>304</b>	757
Loss (gain) on disposal of property, plant and equipment	<b>88</b>	(729)	<b>58</b>	(853)
Loss (gain) on foreign exchange	<b>236</b>	(2,698)	<b>947</b>	(4,627)
Non-recurring expenses	-	(5)	-	1,027
Costs of antitrust investigation and related expenses	<b>1,689</b>	-	<b>4,776</b>	-
Goodwill impairment	<b>33,830</b>	-	<b>33,830</b>	-
<b>Earnings (loss) before income taxes</b>	<b>(6,630)</b>	33,114	<b>(19,228)</b>	29,086
<b>Income taxes</b>				
Current	<b>154</b>	134	<b>511</b>	621
Future (reduction)	<b>731</b>	9,581	<b>(7,581)</b>	4,277
	<b>885</b>	9,715	<b>(7,070)</b>	4,898
<b>Earnings (loss) for the period</b>	<b>\$ (7,515)</b>	\$ 23,399	<b>\$(12,158)</b>	\$ 24,188
<b>Earnings (loss) per unit</b>				
Basic	<b>\$ (0.19)</b>	\$ 0.60	<b>\$ (0.31)</b>	\$ 0.64
Diluted	<b>\$ (0.19)</b>	\$ 0.54	<b>\$ (0.31)</b>	\$ 0.63

**ARCTIC GLACIER INCOME FUND****Interim Consolidated Statements of Changes in Unitholders' Equity**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands)	Three Months		Nine Months	
	2008	2007	2008	2007
<b>Units</b>				
Balance, beginning of period	\$ 375,067	\$ 371,215	\$ 374,433	\$ 303,176
Units issued, net of issue costs	395	2,971	1,029	71,010
Balance, end of period	375,462	374,186	375,462	374,186
<b>Contributed surplus</b>				
Balance, beginning of period	1,270	927	1,069	815
Unit-based compensation expense	100	68	301	217
Unit options exercised	-	(1)	-	(38)
Balance, end of period	1,370	994	1,370	994
<b>Equity portion of convertible debentures</b>				
Balance, beginning of period	9,206	9,484	9,206	9,566
Conversion of convertible debentures	-	(278)	-	(360)
Balance, end of period	9,206	9,206	9,206	9,206
<b>Deficit</b>				
Balance, beginning of period	(112,182)	(84,371)	(86,109)	(64,456)
Earnings (loss) for the period	(7,515)	23,399	(12,158)	24,188
Distributions declared	(6,502)	(10,696)	(27,932)	(31,400)
Balance, end of period	(126,199)	(71,668)	(126,199)	(71,668)
<b>Accumulated other comprehensive loss</b>				
Balance, beginning of period	(55,813)	(41,602)	(64,034)	(12,938)
Other comprehensive income (loss)	13,023	(21,218)	21,244	(49,882)
Balance, end of period	(42,790)	(62,820)	(42,790)	(62,820)
<b>Total Unitholders' Equity</b>	<b>\$ 217,049</b>	<b>\$ 249,898</b>	<b>\$ 217,049</b>	<b>\$ 249,898</b>

**ARCTIC GLACIER INCOME FUND****Interim Consolidated Statements of Comprehensive Income (Loss)**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands)	Three Months		Nine Months	
	2008	2007	2008	2007
Earnings (loss) for the period	<b>\$ (7,515)</b>	\$ 23,399	<b>\$(12,158)</b>	\$ 24,188
Other comprehensive income (loss)				
Net gain (loss) on translation of self-sustaining foreign operations	<b>13,005</b>	(21,243)	<b>21,188</b>	(49,963)
Amortization of transitional adjustment to earnings (loss) for the period	<b>18</b>	25	<b>56</b>	81
Other comprehensive income (loss)	<b>13,023</b>	(21,218)	<b>21,244</b>	(49,882)
<b>Comprehensive income (loss) for the period</b>	<b>\$ 5,508</b>	\$ 2,181	<b>\$ 9,086</b>	\$(25,694)

**ARCTIC GLACIER INCOME FUND****Interim Consolidated Statements of Cash Flows**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands)	Three Months		Nine Months	
	2008	2007	2008	2007
<b>Cash from (used in):</b>				
<b>Operating activities</b>				
Earnings (loss) for the period	\$ (7,515)	\$23,399	\$(12,158)	\$ 24,188
Adjustments for:				
Amortization	8,263	7,502	23,488	23,171
Amortization of financing costs	363	298	959	812
Amortization of transitional adjustment on interest rate swap	18	25	56	81
Accretion of convertible debenture principal	432	405	1,257	1,191
Accretion of long-term debt	58	271	214	784
Recognition of rents on a straight-line basis	188	185	549	572
Unit-based compensation expense	100	68	301	217
Loss (gain) on disposal of property, plant and equipment	88	(729)	58	(853)
Unrealized foreign exchange loss (gain) on long-term debt	587	(1,074)	962	(2,251)
Unrealized loss (gain) on foreign exchange options	269	(1,261)	1,069	(2,200)
Unrealized loss on interest rate swap	446	744	660	416
Goodwill impairment	33,830	-	33,830	-
Future income taxes (reduction)	731	9,581	(7,581)	4,277
	<b>37,858</b>	<b>39,414</b>	<b>43,664</b>	<b>50,405</b>
Changes in working capital items	<b>4,799</b>	<b>9,519</b>	<b>(11,700)</b>	<b>(9,760)</b>
	<b>42,657</b>	<b>48,933</b>	<b>31,964</b>	<b>40,645</b>
<b>Investing activities</b>				
Additions to property, plant and equipment	(3,164)	(6,278)	(12,613)	(17,383)
Proceeds from disposal of property, plant and equipment	160	864	413	1,281
Additions to goodwill	-	-	(1,274)	(1,701)
Acquisition of business operations	-	(5,233)	(19,867)	(33,136)
	<b>(3,004)</b>	<b>(10,647)</b>	<b>(33,341)</b>	<b>(50,939)</b>
<b>Financing activities</b>				
Proceeds from long-term debt	-	12,298	62,502	67,442
Principal repayments on long-term debt	(25,659)	(24,361)	(29,855)	(78,863)
Units issued, net of issue costs	395	304	1,029	67,560
Distributions paid	(10,077)	(10,673)	(31,501)	(30,870)
	<b>(35,341)</b>	<b>(22,432)</b>	<b>2,175</b>	<b>25,269</b>

<b>Foreign exchange gain (loss) on cash held in foreign currency</b>	<b>1,174</b>	<b>(2,072)</b>	<b>1,977</b>	<b>(2,907)</b>
<b>Increase in cash</b>	<b>5,486</b>	<b>13,782</b>	<b>2,775</b>	<b>12,068</b>
<b>Cash, beginning of period</b>	<b>1,934</b>	<b>2,962</b>	<b>4,645</b>	<b>4,676</b>
<b>Cash, end of period</b>	<b>\$ 7,420</b>	<b>\$ 16,744</b>	<b>\$ 7,420</b>	<b>\$ 16,744</b>
<b>Supplementary cash flow information</b>				
Interest paid	<b>\$ 5,056</b>	<b>\$ 3,955</b>	<b>\$ 14,824</b>	<b>\$ 14,236</b>
Income taxes paid	<b>154</b>	<b>134</b>	<b>511</b>	<b>621</b>

**ARCTIC GLACIER INCOME FUND**  
**Interim Schedule of Distributable Cash**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands, except per unit amounts)	<b>Three Months</b>		<b>Nine Months</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
Cash from operating activities	\$ <b>42,657</b>	\$ 48,933	\$ <b>31,964</b>	\$ 40,645
Adjustments:				
Changes in working capital items <sup>(1)</sup>	<b>(4,799)</b>	(9,519)	<b>11,700</b>	9,760
Less sustaining capital expenditures, net of dispositions <sup>(2)</sup>	<b>(1,891)</b>	(255)	<b>(6,184)</b>	(5,473)
<b>Distributable cash</b>	<b>35,967</b>	39,159	<b>37,480</b>	44,932
Add back one-time costs of antitrust investigation and related expenses	<b>1,689</b>	-	<b>4,776</b>	-
<b>Distributable cash excluding costs of antitrust investigation and related expenses</b>	<b>\$ 37,656</b>	\$ 39,159	<b>\$ 42,256</b>	\$ 44,932
Weighted average number of units	<b>39,009.9</b>	38,828.3	<b>38,965.7</b>	38,007.3
<b>Distributable cash per unit</b>	<b>\$ 0.92</b>	\$ 1.01	<b>\$ 0.96</b>	\$ 1.18
<b>Distributable cash per unit excluding costs of antitrust investigation and related expenses</b>	<b>\$ 0.97</b>	\$ 1.01	<b>\$ 1.08</b>	\$ 1.18
Distributions declared <sup>(3)</sup>	\$ <b>6,502</b>	\$ 10,696	\$ <b>27,932</b>	\$ 31,400
<b>Distributions declared per unit <sup>(3)</sup></b>	<b>\$ 0.17</b>	\$ 0.28	<b>\$ 0.72</b>	\$ 0.83

- (1) Changes in working capital items have been excluded from cash from operating activities so as to remove the effects of timing differences in cash receipts and cash disbursements, which have significant seasonal fluctuations and vary significantly across quarters but generally reverse themselves. These fluctuations are funded from cash resources or the revolving term credit facility, and thus will not significantly affect the level of cash distributions.
- (2) Sustaining capital expenditures represent the replacement of property, plant and equipment to sustain current business operations and are funded from operating cash flow.
- (3) Distributions to unitholders were suspended after the August 2008 distribution that was declared on August 18, 2008 and paid on September 15, 2008.

**ARCTIC GLACIER INCOME FUND****Reconciliation of Adjusted Earnings**

Three months and nine months ended September 30, 2008 and 2007 (unaudited)

(thousands)	<b>Three Months</b>		<b>Nine Months</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
Earnings (loss) for the period	\$ (7,515)	\$ 23,399	\$ (12,158)	\$ 24,188
Add:				
Costs of antitrust investigation and related expenses <sup>(1)</sup>	<b>1,014</b>	-	<b>2,866</b>	-
Goodwill impairment <sup>(2)</sup>	<b>25,162</b>	-	<b>25,162</b>	-
Adjusted earnings for the period	<b>\$ 18,661</b>	\$ 23,399	<b>\$ 15,870</b>	\$ 24,188
Earnings (loss) per unit				
Basic	\$ (0.19)	\$ 0.60	\$ (0.31)	\$ 0.64
Diluted	\$ (0.19)	\$ 0.54	\$ (0.31)	\$ 0.63
Adjusted earnings per unit				
Basic	\$ 0.48	\$ 0.60	\$ 0.41	\$ 0.64
Diluted	\$ 0.45	\$ 0.54	\$ 0.41	\$ 0.63

(1) Net of tax effect of \$675 and \$1,910 for the three and nine months ended September 30, 2008.

(2) Net of tax effect of \$8,668 for the three and nine months ended September 30, 2008.