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# ARCTIC GLACIER INCOME FUND

## Arctic Glacier Posts Fourth Quarter And Year-End Results

**WINNIPEG – March 18, 2009** – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the fourth quarter and fiscal year ended December 31, 2008.

### Summary of 2008 \*

- Acquired platform operations of Koldkist Ice in Oregon
- Acquired three tuck-in operations in Michigan & northeastern U.S.
- Introduced technology improvements at Koldkist operation
- Built new distribution center in Raritan NJ & expanded cold storage in Fresno CA
- Completed improvements at Michigan & California plants
- Commenced implementation of manufacturing automation at 3 California plants
- Closed 2 redundant distribution centers in Michigan to improve efficiency
- Converted reporting currency to U.S. dollars
- Increased sales by 5% to record high \$247 million
- Recorded goodwill impairment charge of \$32 million
- Suspended cash distributions starting September 2008

*\*All dollar amounts in U.S. currency unless otherwise specified*

“The year 2008 was without question the most challenging year that Arctic Glacier has faced in its history,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company.

Unseasonably cold and wet weather prevailed in many of Arctic Glacier’s major markets during much of the spring, summer and fall. At the same time a very uncertain global economic environment has dampened consumer demand for packaged ice, resulting in lower-than-expected sales volumes. In addition, the Antitrust Division of the U.S. Department of Justice commenced an investigation into the packaged-ice industry in the U.S. Legal expenses of that ongoing investigation and related actions and litigation have been significant.

“As a result of these circumstances the Fund has refocused its priorities,” said Mr. McMahon. “We are now focused on the need to conserve cash, ensure adequate liquidity and improve balance sheet strength to ensure the Fund can adjust to a changing financial environment.”

“The combination of lower than expected revenues, higher costs and limited access to capital markets during 2008 increased the Fund’s balance sheet leverage,” said Doug Bailey, the Fund’s Chief Financial Officer.

“The suspension of distributions in September 2008 allows the Fund to conserve cash of C\$3.6 million per month and redeploy available resources to pay down debt. In addition, we took decisive action to address costs, including close monitoring of expenses, cancellation or deferral of non-essential capital outlays and higher pricing to customers to address rising input costs,” Mr. Bailey added.

“Arctic Glacier’s growth opportunities during 2008 consisted of acquisitions and margin improvement activities,” Mr. McMahon said. “We completed one major platform acquisition in the spring, plus three smaller tuck-in companies that were added to existing operations during the year. However, further significant acquisitions have been put on hold due to limited access to new capital and the focus on conserving cash for debt reduction. We also proceeded with an extensive schedule of integration and rationalization measures in operations across North America.”

### **U.S. DOJ Investigation and Related Litigation**

The DOJ antitrust investigation into the U.S. packaged ice industry and investigations by various state attorneys general are ongoing. The Fund is cooperating with authorities in the course of these investigations. These matters have also led to a number of class action civil lawsuits that have been filed against several packaged ice companies in the U.S., including Arctic Glacier, and a civil investigation by the DOJ Civil Division to determine if the U.S. federal government has been overcharged in its purchases of packaged ice. On February 26, 2009, a civil class action case pending in Kansas state court was dismissed for the plaintiff’s failure to state an actionable claim against the Fund. In October 2008 an investor class-action lawsuit was filed against the Fund in Ontario. The Fund denies the allegations and will defend against them in court.

The final outcome with respect to these investigations and related pending litigation cannot be predicted at the present time.

### **Change in Reporting Currency**

The Fund changed its reporting currency to the U.S. dollar, effective for the year ended December 31, 2008. More than 80% of Arctic Glacier’s sales are made in the United States and reporting in U.S. dollars will reduce volatility of financial results due to fluctuation in exchange rates. All comparative financial results have been restated to reflect the Fund’s results as if they have been historically reported in U.S. dollars.

### **Fourth Quarter 2008 Review**

Sales in the fourth quarter totaled \$36.2 million, a decrease of 2% over the same period last year. Acquired operations contributed \$1.4 million in new revenues, while sales in previously serviced markets decreased by \$1.2 million or 3% as a result of lower volumes from declining economic conditions and poor weather in the northeastern U.S. and parts of the Midwest. The weaker Canadian dollar reduced sales by \$1.1 million.

The cost of sales, selling, general and administrative expenses increased 2% from the fourth quarter of 2007 to \$34.9 million. Acquired operations added \$1.5 million while costs in previously serviced markets increased expenses by \$0.6 million as a result of general inflationary increases in input costs. The weaker Canadian dollar decreased costs by \$1.4 million. EBITDA totaled \$1.3 million for the quarter, a decrease of \$1.5 million compared to \$2.8 million for the fourth quarter of 2007.

The loss for the fourth quarter of 2008 totaled \$25.8 million, an increase of \$21.8 million compared to a loss of \$4.0 million for the fourth quarter of 2007. This change was primarily the result of an increase in the valuation allowance of future tax assets, costs of the antitrust investigations and related litigation, and the weakening of the Canadian dollar at the end of the year.

### **Fiscal 2008 Financial Review**

Sales in 2008 increased 5% from 2007 to a record \$247.0 million. The gain of \$12.3 million was largely attributable to the Koldkist Ice and Kar Ice acquisitions, combined with a number of tuck-in acquisitions, which collectively contributed \$9.3 million to sales in 2008.

Sales in previously serviced markets gained \$2.5 million or 1%, as higher average selling prices compensated for increased costs and more than offset reduced sales volumes. Volumes were impacted adversely by several factors, including cooler and wetter spring, summer and fall weather conditions in most of Arctic Glacier's markets compared to 2007, a slowing economy and gasoline costs that reached historically high levels in the summer. Sales were positively impacted by the stronger Canadian dollar during the key spring and summer months, which increased the U.S. dollar value of sales generated in Canadian markets by \$0.5 million compared to 2007.

EBITDA declined by 5% to \$60.7 million due to lower sales volumes resulting from below-average weather conditions and higher input costs. EBITDA margins were 24.6% of sales, compared to 27.3% in 2007, primarily a result of lower sales and production volumes during most of the year, which reduced fixed-cost efficiency. Sharply higher energy costs and lower margins in newly acquired operations were additional factors.

Non-operating expenses significantly affected results for 2008. Outlays associated with the antitrust investigations and related litigation totaled \$7.6 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, an evaluation of goodwill across all operations 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 \$32.0 million was recorded against earnings.

The goodwill writedown, combined with costs of the antitrust investigations and related litigation, contributed to a loss of \$36.9 million for the year, compared to earnings of \$19.9 million in 2007. Excluding these outlays, adjusted earnings totaled \$2.7 million for 2008

compared to \$19.9 million in the previous year. On a per unit basis, adjusted earnings totaled \$0.07 (basic and diluted) compared to \$0.52 (basic) and \$0.51 (diluted) in 2007. The decrease was mainly a result of an increase in the valuation allowance of future tax assets in the U.S., unrealized foreign exchange losses, reduced EBITDA and increased amortization, interest and loan amendment fees.

The Fund's distributable cash decreased 13% to \$37.0 million from 2007. The decrease was primarily driven by lower EBITDA that resulted from reduced sales volumes, higher input costs, increased interest costs and loan amendment fees.

The Fund suspended distributions in September 2008. Prior to that, the Fund declared distributions to unitholders totaling \$27.6 million for the year, compared to \$39.7 million in 2007.

### **Financial Position**

As at December 31, 2008, Arctic Glacier had long-term debt outstanding of \$168.8 million, excluding convertible debentures.

In September, the Fund's lenders amended the revolving term credit facility to temporarily accommodate higher 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, terms of the senior notes were amended to accommodate the same leverage levels.

Subsequent to December 31, 2008, the Fund's lenders amended certain terms of its revolving term credit facility and senior notes to accommodate the impact of the suspension of distributions. The amendments are effective as of December 31, 2008.

The Fund's net debt to EBITDA ratio at December 31, 2008, as defined in its credit facilities, was 2.9:1 compared to 2.1:1 in 2007. That was within the terms of the credit agreement, which provide for a maximum allowable ratio of 3.25:1 at December 31, 2008. The increase over last year is attributable to 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 fourth quarter. As at December 31, 2008, the Fund was in compliance with all covenants.

At December 31, 2008, the Fund's credit facilities were comprised of \$60 million of senior notes and \$106.5 million drawn against a \$159 million revolving term credit facility.

### **Outlook**

Arctic Glacier is focused on managing the challenges that arose during 2008. The antitrust investigations in the U.S. and related civil litigation, including a Canadian investor lawsuit, remain outstanding. Management continues to cooperate fully with authorities in the course of these investigations. It is not possible to predict the final outcome of these matters, nor their effect on the Fund and its operations.

A second challenge is the global economic recession, which has dampened consumer demand for packaged ice and reduced sales volumes. While such economic conditions constitute one phase of the business cycle, its depth and duration in 2009 cannot be predicted.

During 2008 many of Arctic Glacier's key markets experienced unseasonably cool and wet weather, which reduced sales volumes. A return to historical norms in 2009 would provide a positive impact to sales of packaged ice.

Compounding these difficulties has been Arctic Glacier's limited access to credit markets due to the uncertainty about the outcome of the DOJ investigation.

Given these difficulties, Arctic Glacier has shifted its priorities toward improving profitability, increasing flexibility, gaining balance sheet strength and enhancing the capacity to capitalize on opportunities in the future.

To achieve these objectives, management is focused on three priorities. The first is to conserve cash by paying close attention to costs at all levels and cancelling or deferring non-essential capital expenses. The second is to ensure sufficient liquidity by maximizing cash flow and ensuring ready credit availability. The third is to strengthen the Fund's financial position by reducing debt.

The suspension of distributions allows the Fund to conserve cash of C\$3.6 million per month and redeploy available resources to pay down debt and reduce interest costs on an ongoing basis. The Trustees review the financial condition of the Fund on an ongoing basis and look ahead to the restoration of distributions when it is financially prudent to do so.

Recent rationalization and integration measures are expected to improve financial contributions from acquired operations. These programs involve rationalizing manufacturing, distribution and administrative infrastructure and investing in improvements in product quality. These activities allow Arctic Glacier to provide its customers with improved service levels more effectively and efficiently than the predecessor operations and reduce costs.

While Arctic Glacier's current circumstances are challenging, its underlying business remains strong. During 2009 Arctic Glacier will fund operations and capital expenditures and pay obligations with cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities. While acquisitions are not currently being completed due to the current credit environment, they are still important to Arctic Glacier's future. Management will continue to assess growth opportunities and resume these activities when the current business climate improves.

## **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 under the brand name of Arctic Glacier<sup>®</sup> Premium Ice. Arctic Glacier operates 38 manufacturing 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 fourth quarter and year-end 2008 results during a conference call with a live audio webcast for investors and analysts on Thursday, **March 19 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 Financial 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, loan amendment fees, taxes, depreciation, amortization, acquisition integration charges, gains or losses on foreign exchange, goodwill impairment charges, costs of antitrust investigations and related litigation 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 investigations 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 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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The Toronto Stock Exchange does not approve or disapprove of the adequacy or accuracy of this release.

**ARCTIC GLACIER INCOME FUND**  
**Consolidated Balance Sheets**  
As at December 31, 2008 and 2007 (audited)

<i>(thousands of U.S. dollars)</i>	<b>2008</b>	2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 303	\$ 4,685
Accounts receivable	11,813	13,297
Inventories	9,032	11,901
Prepaid expenses	4,323	4,734
	<u>25,471</u>	<u>34,617</u>
<b>Property, plant and equipment</b>	<b>148,821</b>	157,469
<b>Investments</b>	<b>818</b>	818
<b>Intangible assets</b>	<b>130,811</b>	133,447
<b>Goodwill</b>	<b>144,416</b>	174,491
	<u><b>\$ 450,337</b></u>	<u>\$ 500,842</u>
 <b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 25,219	\$ 25,190
Distributions payable to unitholders	-	3,600
Principal due within one year on long-term debt	1,361	3,193
	<u>26,580</u>	<u>31,983</u>
<b>Long-term debt</b>	<b>167,431</b>	148,413
<b>Convertible debentures</b>	<b>68,023</b>	81,007
<b>Future income taxes</b>	<b>1,511</b>	2,815
 <b>Unitholders' equity</b>		
Units	325,207	324,191
Contributed surplus	1,320	942
Equity portion of convertible debentures	8,358	8,358
Deficit	(139,900)	(75,482)
Accumulated other comprehensive loss	(8,193)	(21,385)
	<u>186,792</u>	<u>236,624</u>
	<u><b>\$ 450,337</b></u>	<u>\$ 500,842</u>

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

Three and twelve months ended December 31, 2008 and 2007

<i>(thousands of U.S. dollars, except per unit amounts)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	(unaudited)		(audited)	
	<b>2008</b>	2007	<b>2008</b>	2007
<b>Sales</b>	<b>\$ 36,151</b>	\$37,013	<b>\$246,982</b>	\$234,666
Cost of sales, selling, general and administration expenses	<b>34,897</b>	34,234	<b>186,284</b>	170,599
Earnings before the undernoted	<b>1,254</b>	2,779	<b>60,698</b>	64,067
Amortization	<b>7,813</b>	7,445	<b>30,864</b>	28,449
Interest	<b>7,455</b>	5,424	<b>22,972</b>	19,776
Loan amendment fees	<b>5</b>	173	<b>1,172</b>	173
Acquisition integration expenses	<b>85</b>	128	<b>384</b>	800
Loss (gain) on disposal of property, plant & equipment	<b>(1)</b>	(54)	<b>57</b>	(850)
Loss (gain) on foreign exchange	<b>2,224</b>	(188)	<b>3,154</b>	(4,534)
Non-recurring expenses	-	(6)	-	959
Costs of antitrust investigations and related expenses	<b>2,900</b>	-	<b>7,575</b>	-
Goodwill impairment	-	-	<b>31,966</b>	-
<b>Earnings (loss) before income taxes</b>	<b>(19,227)</b>	(10,143)	<b>(37,446)</b>	19,294
<b>Income taxes</b>				
Current	<b>189</b>	216	<b>688</b>	773
Future reduction	<b>6,357</b>	(6,394)	<b>(1,275)</b>	(1,331)
	<b>6,546</b>	(6,178)	<b>(587)</b>	(558)
<b>Earnings (loss)</b>	<b>\$(25,773)</b>	\$(3,965)	<b>\$(36,859)</b>	\$ 19,852
<b>Earnings (loss) per unit</b>				
Basic	<b>\$ (0.66)</b>	\$ (0.10)	<b>\$ (0.95)</b>	\$ 0.52
Diluted	<b>\$ (0.66)</b>	\$ (0.10)	<b>\$ (0.95)</b>	\$ 0.51

**ARCTIC GLACIER INCOME FUND**  
**Consolidated Statements of Changes in Unitholders' Equity**  
Three and twelve months ended December 31, 2008 and 2007

<i>(thousands of U.S. dollars)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	(unaudited)		(audited)	
	<b>2008</b>	2007	<b>2008</b>	2007
<b>Units</b>				
Balance, beginning of period	<b>\$325,207</b>	\$323,940	<b>\$ 324,191</b>	\$ 263,148
Units issued, net of issue costs	-	251	<b>1,016</b>	61,043
Balance, end of period	<b>325,207</b>	324,191	<b>325,207</b>	324,191
<b>Contributed surplus</b>				
Balance, beginning of period	<b>1,237</b>	866	<b>942</b>	703
Unit-based compensation expense	<b>83</b>	76	<b>378</b>	274
Unit options exercised	-	-	-	(35)
Balance, end of period	<b>1,320</b>	942	<b>1,320</b>	942
<b>Equity portion of convertible debentures</b>				
Balance, beginning of period	<b>8,358</b>	8,358	<b>8,358</b>	8,695
Conversion of convertible debentures	-	-	-	(337)
Balance, end of period	<b>8,358</b>	8,358	<b>8,358</b>	8,358
<b>Deficit</b>				
Balance, beginning of period	<b>(114,127)</b>	(60,574)	<b>(75,482)</b>	(55,625)
Earnings (loss)	<b>(25,773)</b>	(3,965)	<b>(36,859)</b>	19,852
Distributions declared	-	(10,943)	<b>(27,559)</b>	(39,709)
Balance, end of period	<b>(139,900)</b>	(75,482)	<b>(139,900)</b>	(75,482)
<b>Accumulated other comprehensive loss</b>				
Balance, beginning of period	<b>(16,719)</b>	(13,168)	<b>(21,385)</b>	(14,277)
Other comprehensive income (loss)	<b>8,526</b>	(8,217)	<b>13,192</b>	(7,108)
Balance, end of period	<b>(8,193)</b>	(21,385)	<b>(8,193)</b>	(21,385)
<b>Total Unitholders' Equity</b>	<b>\$ 186,792</b>	\$ 236,624	<b>\$ 186,792</b>	\$ 236,624

**ARCTIC GLACIER INCOME FUND**  
**Consolidated Statement of Comprehensive Income (Loss)**  
 Three and twelve months ended December 31, 2008 and 2007

<i>(thousands of U.S. dollars)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	(unaudited)		(audited)	
	<b>2008</b>	2007	<b>2008</b>	2007
Earnings (loss)	<b>\$ (25,773)</b>	\$ (3,965)	<b>\$ (36,859)</b>	\$ 19,852
Other comprehensive income (loss):				
Net unrealized foreign currency translation gain (loss)	<b>8,508</b>	(8,242)	<b>13,119</b>	(7,208)
Amortization of transitional adjustment to earnings (loss) for the period	<b>18</b>	25	<b>73</b>	100
Other comprehensive income (loss)	<b>8,526</b>	(8,217)	<b>13,192</b>	(7,108)
<b>Comprehensive income (loss)</b>	<b>\$ (17,247)</b>	\$ (12,182)	<b>\$ (23,667)</b>	\$ 12,744

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

Three and twelve months ended December 31, 2008 and 2007

<i>(thousands of U.S. dollars)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	(unaudited)		(audited)	
	<b>2008</b>	2007	<b>2008</b>	2007
<b>Cash from (used in):</b>				
<b>Operating activities</b>				
Earnings (loss)	<b>\$(25,773)</b>	\$(3,965)	<b>\$(36,859)</b>	\$ 19,852
Adjustments for:				
Amortization	<b>7,813</b>	7,445	<b>30,864</b>	28,449
Amortization of transitional adjustment on interest rate swap	<b>18</b>	25	<b>73</b>	100
Amortization of deferred financing	<b>318</b>	269	<b>1,257</b>	1,010
Accretion of convertible debenture principal	<b>362</b>	411	<b>1,595</b>	1,486
Accretion of long-term debt	<b>56</b>	102	<b>267</b>	821
Recognition of rents on a straight-line basis	<b>179</b>	179	<b>716</b>	702
Unit-based compensation expense	<b>83</b>	76	<b>378</b>	274
Loss (gain) on disposal of property, plant & equipment	<b>(1)</b>	(54)	<b>57</b>	(850)
Unrealized foreign exchange loss (gain) on long-term debt	<b>1,712</b>	(38)	<b>2,642</b>	(2,133)
Unrealized loss (gain) on foreign exchange options	<b>513</b>	732	<b>1,565</b>	(1,326)
Changes in fair value of interest rate swap	<b>2,580</b>	681	<b>3,223</b>	1,083
Goodwill impairment	-	-	<b>31,966</b>	-
Future income taxes reduction	<b>6,357</b>	(6,394)	<b>(1,275)</b>	(1,331)
	<b>(5,783)</b>	(531)	<b>36,469</b>	48,137
Changes in non-cash working capital items	<b>11,927</b>	12,773	<b>1,208</b>	1,950
	<b>6,144</b>	12,242	<b>37,677</b>	50,087
<b>Investing activities</b>				
Additions to property, plant and equipment	<b>(1,533)</b>	(2,071)	<b>(13,980)</b>	(17,885)
Proceeds from disposal of property, plant and equipment	<b>130</b>	101	<b>535</b>	1,289
Additions to goodwill	-	-	<b>(1,272)</b>	(1,500)
Acquisition of business operations	<b>(128)</b>	(7,367)	<b>(19,622)</b>	(36,332)
	<b>(1,531)</b>	(9,337)	<b>(34,339)</b>	(54,428)
<b>Financing activities</b>				
Proceeds from long-term debt	<b>2,000</b>	21,000	<b>64,155</b>	81,732
Principal repayments on long-term debt	<b>(12,401)</b>	(25,631)	<b>(40,819)</b>	(95,679)
Units issued, net of issue costs	-	251	<b>1,016</b>	57,810
Distributions paid	-	(10,928)	<b>(31,158)</b>	(38,715)
	<b>(10,401)</b>	(15,308)	<b>(6,806)</b>	5,148
Foreign exchange gain (loss) on cash held in foreign currency	<b>(881)</b>	257	<b>(914)</b>	(134)
<b>Increase (decrease) in cash</b>	<b>(6,669)</b>	(12,146)	<b>(4,382)</b>	673
<b>Cash, beginning of period</b>	<b>6,972</b>	16,831	<b>4,685</b>	4,012
<b>Cash, end of period</b>	<b>\$ 303</b>	\$ 4,685	<b>\$ 303</b>	\$ 4,685

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

Three and twelve months ended December 31, 2008 and 2007 (unaudited)

<i>(thousands of U.S. dollars, except per unit amounts)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
Cash from operating activities	\$ <b>6,144</b>	\$ 12,242	\$ <b>37,677</b>	\$ 50,087
Adjustments:				
Changes in working capital items	( <b>11,927</b> )	(12,773)	( <b>1,208</b> )	(1,950)
Less sustaining capital expenditures	( <b>985</b> )	(936)	( <b>7,069</b> )	(5,838)
Distributable cash	( <b>6,768</b> )	(1,467)	<b>29,400</b>	42,299
Add back costs of antitrust investigations and related expenses	<b>2,900</b>	-	<b>7,575</b>	-
Distributable cash excluding costs of antitrust investigations and related expenses	<b>\$ (3,868)</b>	\$ (1,467)	<b>\$ 36,975</b>	\$ 42,299
Weighted average number of units	<b>39,042.2</b>	38,900.8	<b>38,984.9</b>	38,232.4
<b>Distributable cash per unit</b>	<b>\$ (0.17)</b>	\$ (0.04)	<b>\$ 0.75</b>	\$ 1.11
Distributable cash per unit excluding costs of antitrust investigations and related expenses	<b>\$ (0.10)</b>	\$ (0.04)	<b>\$ 0.95</b>	\$ 1.11
Distributions declared	\$ -	\$ 10,943	\$ <b>27,559</b>	\$ 39,709
Distributions declared per unit	\$ -	\$ 0.28	\$ <b>0.71</b>	\$ 1.04
Distributions declared per unit – in Canadian dollars	\$ -	\$ 0.28	\$ <b>0.72</b>	\$ 1.10

**ARCTIC GLACIER INCOME FUND****Reconciliation of Adjusted Earnings (Loss)**

Three months and twelve months ended December 31, 2008 and 2007 (unaudited)

<i>(thousands of U.S. dollars, except per unit amounts)</i>	<b>Three Months</b>		<b>Twelve Months</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
Earnings (loss) for the period	\$ (25,773)	\$ (3,965)	\$ (36,859)	\$ 19,852
Add:				
Costs of antitrust investigations and related expenses <sup>(1)</sup>	4,770	-	7,575	-
Goodwill impairment <sup>(1)</sup>	8,190	-	31,966	-
Adjusted earnings (loss) for the period	<b>\$ (12,813)</b>	\$ (3,965)	<b>\$ 2,682</b>	\$ 19,852
Earnings (loss) per unit				
Basic	\$ (0.66)	\$ (0.10)	\$ (0.95)	\$ 0.52
Diluted	\$ (0.66)	\$ (0.10)	\$ (0.95)	\$ 0.51
Adjusted earnings (loss) per unit				
Basic	\$ (0.33)	\$ (0.10)	\$ 0.07	\$ 0.52
Diluted	\$ (0.33)	\$ (0.10)	\$ 0.07	\$ 0.51

- (1) Net of tax effect of \$0 since 2008 future tax recovery is offset by valuation allowance against future tax assets in U.S. subsidiaries which may not be fully realized.