
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts First Quarter Results

WINNIPEG – May 12, 2009 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the first quarter ended March 31, 2009.

Highlights *

- Completed implementation of manufacturing automation in Elk Grove and Vernon, California
- Completed closure of distribution centers in Traverse City and Ludington, Michigan, Kitchener, Ontario and Roselle Park, New Jersey to improve efficiency and reduce costs
- Sales decreased by \$1.0 million or 4%
- EBITDA improved by \$0.6 million
- Distributable cash, excluding costs of antitrust investigations and related expenses, improved by \$0.6 million

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

“During the first quarter, Arctic Glacier continued to adjust its operating strategy to adapt to changing financial circumstances,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “We sharpened our focus on monitoring expenses, maximizing cash flow and reducing debt. The effect of these new priorities, combined with lower fuel costs, was a \$0.6 million improvement in EBITDA at a time when sales volumes decreased in a difficult economy.”

“The implementation of productivity-enhancing technology improvements and closure of redundant facilities during the first quarter will allow us to achieve cost savings and improve margins in the future,” added Doug Bailey, the Fund’s Chief Financial Officer.

First Quarter 2009 Review

Sales in the first quarter totaled \$23.1 million, a decrease of \$1.0 million or 4% compared to the same period in 2008. The decrease was mainly attributable to a sales reduction in previously serviced markets of \$1.3 million or 5% as a result of lower volumes from the slowdown in the economy and poor weather in the northeastern U.S. and certain California markets. In addition, the weaker Canadian dollar decreased the U.S. dollar value of sales generated in Canadian markets by \$0.8 million. The decrease was partially offset by the acquisition of Koldkist Ice in May 2008, which contributed \$1.1 million to sales during the first quarter of 2009.

Cost of sales, selling, general and administrative expenses totaled \$29.6 million, a reduction of \$1.6 million or 5% from the same period in 2008. That equated to 128.0% of sales, down from 129.5% last year. While acquisitions added \$1.3 million to operating costs in the first

quarter of 2009, the increase was more than offset by the effect of reduced sales and production volumes, together with reduced fuel and labor costs.

Legal fees and other expenses totaled \$1.5 million for the first quarter of 2009 in connection with the antitrust investigation by the U.S. Department of Justice (“DOJ”) Antitrust Division, various state attorneys general and the DOJ Civil Division plus related civil litigation.

The packaged ice business in Arctic Glacier’s markets -- Canada and the northeastern, central and western U.S. -- is highly seasonal. Demand for packaged ice in the first quarter is low, characterized by negative EBITDA and significant losses. Arctic Glacier incurs approximately 25% of its annual fixed costs in the first quarter, but typically generates less than 10% of its annual sales during this period. For the first quarter of 2009, EBITDA was negative \$6.5 million, an improvement of \$0.6 million compared with negative \$7.1 million for the same quarter in 2008.

Adjusted loss in the first quarter, excluding costs of the antitrust investigations and related expenses, totaled \$12.2 million, compared to \$11.8 million in the first quarter of 2008. On a per unit basis, that was \$0.31 per unit (basic and diluted), compared to \$0.30 last year. The increase was primarily due to reduced tax recoveries, partially offset by improved EBITDA results and reduced interest costs. Including costs of the antitrust investigations and related expenses, the net loss was \$13.1 million in the first quarter of 2009 or \$0.33 (basic and diluted), compared to a net loss of \$12.4 million or \$0.32 per unit (basic and diluted) in the same quarter of 2008.

The Fund ended the first quarter of 2009 with a distributable cash deficiency of \$13.1 million, compared to a deficiency of \$13.3 million in 2008. Excluding costs of the antitrust investigation and related expenses, the distributable cash deficiency in the quarter just ended was \$11.7 million, versus a deficiency of \$12.3 million in 2008. The improvement of \$0.6 million was primarily driven by improved EBITDA results, combined with lower interest costs and sustaining capital expenditures.

Financial Position

As at March 31, 2009, Arctic Glacier’s net debt, excluding convertible debentures, was \$182.7 million, compared to \$180.6 million at the same time last year. The increase of \$2.1 million is primarily driven by \$23.9 million that was drawn to finance acquisitions and growth capital expenditures, mostly offset by cash applied to reduce debt following the suspension of distributions in September 2008.

The Fund had a working capital deficiency of \$47.4 million at March 31, 2009. This results from the reclassification of \$60 million of senior secured notes to current liabilities this quarter since they mature on January 4, 2010. Excluding the notes, the Fund’s working capital at March 31, 2009 was \$12.6 million. This represents an improvement of \$12.6 million compared to working capital of less than \$0.1 million at the same time last year. Upon resolution of the DOJ investigation it is expected that the Fund’s access to credit markets will improve. The Fund then expects to refinance the notes or retire them from a combination of cash on hand and expected unutilized credit availability on the revolving term credit facility.

The Fund's net debt to EBITDA ratio at end of the quarter was 3.1:1 compared to 2.9:1 at December 31, 2008 and 2.6:1 at March 31, 2008. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower. The suspension of cash distributions allows the Fund to conserve cash of approximately C\$3.6 million per month and redeploy available resources to reduce debt and strengthen the balance sheet, better positioning the Fund to adjust to changing financial circumstances.

At March 31, 2009, the Fund's credit facilities were comprised of a \$60 million senior note facility and a \$155 million revolving term credit facility. The Fund had \$19.5 million of unused capacity on its revolving term credit facility, in addition to \$13.6 million of cash.

The Fund's lenders amended certain terms of the revolving term credit facility during the first quarter of 2009 to accommodate the effect of the suspending cash distributions and adopting the U.S. dollar as the reporting currency. The amendments were effective as of December 31, 2008. As of March 31, 2009 the Fund was in compliance with all debt covenants.

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. Following the commencement of these investigations, a number of class action lawsuits were initiated that will be defended in the civil courts, and the DOJ Civil Division is proceeding with a civil investigation 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 the course of its cooperation with the DOJ Antitrust Division, the Fund seeks to reach a resolution of the investigation pertaining to its subsidiaries. The final outcome with respect to these investigations and related pending litigation cannot be predicted at the present time.

During the first quarter an internal investigation directed to be undertaken by the Board of Directors of Arctic Glacier Inc., in order to determine whether there were any issues to be addressed prior to any determination of the DOJ antitrust investigation, revealed that two senior executives may have violated certain of the Fund's policies. These individuals were both suspended on March 30, 2009 and resigned shortly thereafter.

Subsequent to the end of the quarter on May 7, 2009, a civil lawsuit was filed against a subsidiary of the Fund in Ontario Superior Court seeking damages on behalf of a class of customers in Ontario that purchased packaged ice directly from the subsidiary since January 1, 2001. The action alleges anticompetitive behavior by a subsidiary of the Fund and a number of U.S. manufacturers of packaged ice since that date. The Fund is of the opinion that the claims are without merit and it will vigorously defend the action in court.

Outlook

As Arctic Glacier enters its primary selling season, it will continue to provide its customers with quality products and industry-leading customer service, while managing the challenges that arose during 2008 and the first quarter of 2009.

The antitrust investigations in the U.S. and related civil litigation, including a Canadian investor lawsuit, remain outstanding. The Fund and its subsidiaries are cooperating with the authorities in the course of these investigations. In the course of its cooperation with the DOJ Antitrust Division, the Fund seeks to reach a resolution of the investigation pertaining to its subsidiaries. At this time, the Fund is unable to predict the timeline or final outcome of the investigations or related litigation, or any potential effect they may have on the Fund or its operations.

The economic downturn in the North American economy has led to an unprecedented atmosphere of economic anxiety that has dampened consumer demand for Arctic Glacier's products and resulted in downward pressures on sales volumes.

Last year, many of Arctic Glacier's key markets experienced cold and wet weather, which discouraged recreational travel and reduced sales volumes. A return to historical norms in the spring and summer of 2009 would remove this negative impact and improve sales volumes as a result.

Arctic Glacier will continue its efforts to improve profitability, increase flexibility, gain strength and enhance the capacity to capitalize on opportunities. Arctic Glacier will also continue to investigate opportunities for growth in 2009 and beyond. The Fund's record of expansion demonstrates that acquisitions are the most effective vehicle for rapid, accretive growth. While such activities are currently secondary in importance, management intends to resume growing through acquisition when the business climate improves.

Management will continue to maintain Arctic Glacier's standards of product quality and customer service while pursuing three main objectives. The first is to improve profitability with initiatives that currently include close monitoring of expenses, cancellation or deferral of non-essential capital outlays and evaluating current pricing to address rising input costs. The second objective is to gain strength and enhance liquidity by maximizing cash flow and ensuring credit availability. Third, the Fund aims to strengthen its financial position by reducing balance sheet leverage. The suspension of distributions in September 2008 allows the Fund to conserve cash of approximately C\$3.6 million per month and redeploy available resources to pay down debt and reduce interest costs.

Arctic Glacier's trustees and management fully recognize the significance of distributions and their importance to unitholders. The Fund's financial condition is assessed on an ongoing basis with a view to the reinstatement of distributions when it is financially prudent to do so.

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 47 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 first quarter 2009 results during a conference call with a live audio webcast for investors and analysts on **Tuesday, May 12 at 11 a.m. (EDT)**. To access the simultaneous webcast, log on to Arctic Glacier's website at 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 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.

-- 30 --

Contact Information

Keith McMahon, President & CEO
Doug Bailey, Chief Financial Officer
Toll free investor relations phone: 1-888-573-9237

www.arcticglacierinc.com

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 March 31, 2009 and 2008 (unaudited) and December 31, 2008 (audited)

<i>(thousands of U.S. dollars)</i>	March 31, 2009	March 31, 2008	December 31, 2008
ASSETS			
Current assets			
Cash	\$ 13,611	\$ -	\$ 303
Accounts receivable	8,421	10,233	11,813
Inventories	12,001	15,073	9,032
Prepaid expenses	4,971	7,311	4,323
	<u>39,004</u>	<u>32,617</u>	<u>25,471</u>
Future income taxes	6,972	7,435	-
Property, plant and equipment	145,215	155,873	148,821
Investments	818	818	818
Intangible assets	128,187	130,877	130,811
Goodwill	143,826	174,905	144,416
	<u>\$ 464,022</u>	<u>\$ 502,525</u>	<u>\$ 450,337</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	\$ -	\$ 998	\$ -
Accounts payable and accrued liabilities	25,757	23,498	25,219
Distributions payable to unitholders	-	3,479	-
Principal due within one year on long-term debt	60,695	4,638	1,361
	<u>86,452</u>	<u>32,613</u>	<u>26,580</u>
Long-term debt	135,571	175,001	167,431
Convertible debentures	66,221	78,827	68,023
Future income taxes	-	-	1,511
Unitholders' equity			
Units	325,207	324,487	325,207
Contributed surplus	1,400	1,042	1,320
Equity portion of convertible debentures	8,358	8,358	8,358
Deficit	(152,956)	(98,538)	(139,900)
Accumulated other comprehensive loss	(6,231)	(19,265)	(8,193)
	<u>175,778</u>	<u>216,084</u>	<u>186,792</u>
	<u>\$ 464,022</u>	<u>\$ 502,525</u>	<u>\$ 450,337</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations
Three months ended March 31, 2009 and 2008 (unaudited)

<i>(thousands of U.S. dollars, except per unit amounts)</i>	2009	2008
Sales	\$ 23,130	\$ 24,143
Cost of sales, selling, general and administration expenses	29,608	31,257
Loss before the undernoted	(6,478)	(7,114)
Amortization	7,631	7,497
Interest	4,957	5,866
Acquisition integration charges	153	95
Gain on disposal of property, plant and equipment	(20)	(40)
Loss on foreign exchange	735	924
Costs of antitrust investigations and related expenses	1,458	1,001
Loss before income taxes	(21,392)	(22,457)
Income taxes		
Current	173	158
Future reduction	(8,509)	(10,220)
	(8,336)	(10,062)
Loss for the period	\$ (13,056)	\$ (12,395)
Loss per unit – basic and diluted	\$ (0.33)	\$ (0.32)

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

Three months ended March 31, 2009 and 2008 (unaudited)

<i>(thousands of U.S. dollars)</i>	2009	2008
Units		
Balance, beginning of period	\$ 325,207	\$ 324,191
Units issued, net of issue costs	-	296
Balance, end of period	<u>325,207</u>	<u>324,487</u>
Contributed surplus		
Balance, beginning of period	1,320	942
Unit-based compensation expense	80	100
Balance, end of period	<u>1,400</u>	<u>1,042</u>
Equity portion of convertible debentures		
Balance, beginning and end of period	<u>8,358</u>	<u>8,358</u>
Deficit		
Balance, beginning of period	(139,900)	(75,482)
Loss for the period	(13,056)	(12,395)
Distributions declared	-	(10,661)
Balance, end of period	<u>(152,956)</u>	<u>(98,538)</u>
Accumulated other comprehensive loss		
Balance, beginning of period	(8,193)	(21,385)
Other comprehensive income	1,962	2,120
Balance, end of period	<u>(6,231)</u>	<u>(19,265)</u>
Total Unitholders' Equity	<u>\$ 175,778</u>	<u>\$ 216,084</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Comprehensive Loss
Three months ended March 31, 2009 and 2008 (unaudited)

<i>(thousands of U.S. dollars)</i>	2009	2008
Loss for the period	<u>\$ (13,056)</u>	<u>\$ (12,395)</u>
Other comprehensive income		
Net unrealized foreign currency translation gain	1,944	2,100
Amortization of transitional adjustment to loss for the period	18	20
Other comprehensive income	<u>1,962</u>	<u>2,120</u>
Comprehensive loss for the period	<u>\$ (11,094)</u>	<u>\$ (10,275)</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three months ended March 31, 2009 and 2008 (unaudited)

<i>(thousands of U.S. dollars)</i>	2009	2008
Cash from (used in):		
Operating activities		
Loss for the period	\$ (13,056)	\$ (12,395)
Adjustments for:		
Amortization	7,631	7,497
Amortization of deferred financing	319	262
Amortization of transitional adjustment on interest rate swap	18	20
Accretion of convertible debenture principal	355	408
Accretion of long-term debt	26	101
Recognition of rents on a straight-line basis	179	179
Unit-based compensation expense	80	100
Gain on disposal of property, plant and equipment	(20)	(40)
Unrealized foreign exchange loss on long-term debt	462	461
Unrealized loss on foreign exchange contracts	273	701
Changes in fair value of interest rate swap	43	1,055
Future income taxes reduction	(8,509)	(10,220)
	<u>(12,199)</u>	<u>(11,871)</u>
Changes in non-cash working capital items	(181)	(6,058)
	<u>(12,380)</u>	<u>(17,929)</u>
Investing activities		
Additions to property, plant and equipment	(2,476)	(4,369)
Proceeds from disposal of property, plant and equipment	130	84
Addition to goodwill	-	(1,272)
Acquisition of business operations	-	(617)
	<u>(2,346)</u>	<u>(6,174)</u>
Financing activities		
Proceeds from long-term debt	29,896	28,716
Principal repayments on long-term debt	(1,764)	(303)
Units issued, net of issue costs	-	296
Distributions paid	-	(10,782)
	<u>28,132</u>	<u>17,927</u>
Foreign exchange gain (loss) on cash held in foreign currency	<u>(98)</u>	493
Increase (decrease) in cash	13,308	(5,683)
Cash, beginning of period	303	4,685
Cash (bank indebtedness), end of period	\$ 13,611	\$ (998)

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

Three months ended March 31, 2009 and 2008 (unaudited)

<i>(thousands of U.S. dollars, except per unit amounts)</i>	2009	2008
Cash used in operating activities	\$ (12,380)	\$ (17,929)
Adjustments:		
Changes in non-cash working capital items	181	6,058
Less sustaining capital expenditures, net of dispositions	(934)	(1,384)
Distributable cash deficiency	(13,133)	(13,255)
Add back costs of antitrust investigations and related expenses	1,458	1,001
Distributable cash deficiency excluding costs of antitrust investigations and related expenses	\$ (11,675)	\$ (12,254)
Weighted average number of units	39,042.2	38,926.2
Distributable cash deficiency per unit	\$ (0.34)	\$ (0.34)
Distributable cash deficiency per unit excluding costs of antitrust investigations and related expenses	\$ (0.30)	\$ (0.31)
Distributions declared	\$ -	\$ 10,661
Distributions declared per unit	\$ -	\$ 0.27
Distributions declared per unit – in Canadian dollars	\$ -	\$ 0.28

ARCTIC GLACIER INCOME FUND

Reconciliation of Adjusted Loss

Three months ended March 31, 2009 and 2008 (unaudited)

<i>(in thousands of U.S. dollars)</i>	2009	2008
Loss for the period	\$ (13,056)	\$ (12,395)
Add costs of antitrust investigations and related expenses ⁽¹⁾	875	601
Adjusted loss	\$ (12,181)	\$ (11,794)
Loss per unit – basic and diluted	\$ (0.33)	\$ (0.32)
Adjusted loss per unit – basic and diluted	\$ (0.31)	\$ (0.30)

⁽¹⁾ Net of tax effect of \$583 (2008 - \$400).