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# ARCTIC GLACIER INCOME FUND

## Distribution Suspension: Frequently Asked Questions

### 1. Why did the Fund suspend distributions to unitholders?

The Fund took this action after careful consideration, mainly to conserve cash and maintain balance sheet strength. The Fund is facing financial challenges this year from a number of key factors:

- **High fuel prices** -- Diesel fuel has increased, which has greatly increased operating costs of Arctic Glacier's delivery fleet
- **Strong Canadian dollar** – Significant strengthening of the Canadian dollar value over the last year, which has reduced the Canadian-dollar volume of revenues generated in the U.S., where 80% of the Company's sales take place
- **Unfavorable weather conditions** -- Unseasonably cool and wet spring and summer conditions in many of Arctic Glacier's major markets
- **Legal fees** -- Ongoing U.S. antitrust investigation and related litigation, which has significantly increased Arctic Glacier's expense base
- **Cumulative effect of a slowing economy** -- Coupled with fuel costs at historic highs to create unprecedented economic conditions over the summer that dampened consumer purchasing and reduced Arctic Glacier's sales volumes

These factors were first identified as our reasons for reducing distributions in our August 12<sup>th</sup> announcement. They have continued to affect the Fund through the summer, causing significant deterioration in the strength of the Fund's balance sheet as we move into the seasonally weaker fall and winter season. Additionally, based on the continued effect of the aforementioned factors, the Fund faces increased pressure on remaining compliant with the financial terms of our credit facilities.

The Trustees believe this measure will better position the Fund to adjust to changing financial circumstances and enhance unitholder value over the long term.

**2. When is the suspension effective?**

The change will be effective for the September 2008 distribution that would be payable October 15, 2008.

**3. How much is Arctic Glacier saving with this action?**

The Fund is saving approximately \$3.6 million per month.

**4. What does the Fund intend to do with the cash saved?**

The suspension of distributions will allow the Fund to redeploy approximately \$3.6 million per month towards debt reduction. These savings will be of substantial value during the seasonally weaker quarters when debt levels are traditionally highest.

**5. How long will the distribution suspension last for?**

The Trustees will assess the Fund's finances on an ongoing basis with a view to reinstating distributions when it is prudent to do so. The Trustees, like other Arctic Glacier investors, share in investors' views that distributions are important and recognize that unitholders have invested in the Fund mainly for yield.

**6. What is the status of the U.S. Department of Justice antitrust investigation?**

Arctic Glacier has been fully cooperating with U.S. authorities during the course of the inquiry. However, while the investigation is ongoing Arctic Glacier cannot provide further comment.

**7. Is the Fund in a financial crisis?**

No. Arctic Glacier currently has sufficient financial resources to continue to meet ongoing obligations. The board of Trustees deemed a suspension of distributions to be prudent during the current period of financial challenges. The funds not utilized for distributions will enable Arctic Glacier to improve balance sheet strength and position itself to enhance shareholder value in the future.