
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts First Quarter Results

WINNIPEG – May 13, 2008 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the first quarter ended March 31, 2008.

Highlights

- Completed two tuck-in acquisitions in Michigan
- Closed distribution centers in Saginaw and Detroit River Rouge, Michigan to improve efficiency and reduce costs
- Subsequent to quarter end, acquired operations of Koldkist Ice in Oregon

“During the first quarter, Arctic Glacier completed two tuck-in acquisitions in Michigan and subsequent to quarter end, we acquired the operations of Koldkist Ice in Portland, Oregon,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “These acquisitions expanded our market coverage and, in the Pacific Northwest, created a platform for future growth.”

“The rationalization and integration of operations from the Michigan acquisitions will allow us to achieve cost savings and improve margins in the future,” said Doug Bailey, the Fund’s Chief Financial Officer.

First Quarter 2008 Review

Sales in the first quarter totaled \$24.2 million, a decrease of \$2.1 million or 8% compared to the same period in 2007. The decrease was attributable to the stronger Canadian dollar, which reduced sales by \$3.3 million. Operations acquired during 2007 and the first quarter of 2008 contributed \$1.1 million to the total, while sales in previously serviced markets increased by \$0.1 million or 1% as a result of higher pricing, partially offset by less than favorable weather in certain markets.

The cost of sales, selling, general and administration expenses totaled \$31.4 million, a decrease of \$1.2 million or 4%. The decrease is due primarily to the stronger Canadian dollar, partially offset by increased energy costs, the effect of lower sales volumes and the impact of recent acquisitions.

The packaged ice business in the areas of Arctic Glacier’s operations, 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 a net loss. As Arctic Glacier’s scale of operations continues to increase, the negative EBITDA and losses that are typical of the first quarter can be expected to increase as well. For the first quarter of 2008, EBITDA was negative \$7.2 million, compared with negative \$6.2 million for the same quarter in 2007.

Net loss in the first quarter totaled \$12.5 million, compared to \$10.9 million in the first quarter of 2007. The increase over the comparable quarter was due to the costs of the antitrust investigation and related expenses, an increased EBITDA deficiency that accompanies the expanded scale of operations, increased interest charges and foreign currency losses. On a per unit basis, the loss was \$0.32 (basic and diluted), compared to \$0.30 for the same period last year.

Financial Position

As at March 31, 2008, Arctic Glacier's total long-term debt, excluding convertible debentures, was \$184.4 million, compared to \$172.5 million at the same time last year.

The Fund's net debt to EBITDA ratio at end of the quarter was 2.6:1 (after adjusting EBITDA by \$3.6 million to reflect the trailing 12-month contribution of acquisitions and the realized gain on foreign currency contracts) compared to 2.1:1 at December 31, 2007 (after a similar adjustment to EBITDA of \$2.6 million) and 2.5:1 at March 31, 2007 (after adjusting trailing EBITDA by \$9.1 million). The Fund's intention is to maintain an annual average leverage ratio of less than 2.25 to 1 on an annual basis, excluding any temporary financing of acquisitions. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower.

At March 31, 2008, the Fund's credit facilities were comprised of a US\$60 million senior note facility and a US\$135 million revolving term credit facility. The size of the revolving term credit facility was increased by US\$20 million in the first quarter.

Subsequent to the end of the first quarter, to finance the acquisition of operations of Koldkist Ice and related transaction costs, future acquisitions and growth capital expenditures, the Fund's lenders amended the terms of the revolving credit facility, increasing the size of the facility by US\$26 million to US\$161 million and amending certain quarterly leverage covenants prior to July 1, 2009.

Outlook

The tuck-in operations acquired during the first quarter enhanced Arctic Glacier's market footprint in Michigan. Subsequent to March 31, Arctic Glacier entered the northwest United States market with the acquisition of Oregon-based Koldkist Ice,. These initiatives, combined with rationalization and integration measures following acquisition, expand the size of the Fund, enhance its profitability and create a larger and more diversified platform for future expansion.

In 2008 Arctic Glacier will generate a full year of financial contributions from Union Ice, Tropic Ice and Kar Ice, all platform acquisitions completed at various times during 2007. The Fund will also benefit from eight months of operations of Koldkist Ice including the key summer sales season.

Arctic Glacier is cooperating with the investigation by the Antitrust Division of the U.S. Department of Justice into possible antitrust violations in the packaged ice industry in the United States. It is not known at this time how long the investigation will last. This matter

has also led to a number of class action civil lawsuits being filed against several packaged ice companies in the United States, including Arctic Glacier. It is expected that a number of class action suits will be consolidated by the civil courts into a single, or limited number, of actions that will be defended. The final outcome with respect this investigation and related litigation cannot be predicted at the present time.

Arctic Glacier enters its most active time of year with profitable operations, reliable free cash flow, a strong financial position and a solid track record of successful acquisitions and margin improvement measures. As a result, the Fund is expected to continue generating distributable cash from normal operations in excess of requirements for monthly distributions to unitholders at the current annual rate of \$1.10 per unit.

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 38.9 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss first quarter 2008 results during a conference call with a live audio webcast for investors and analysts on **Tuesday, May 13 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 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 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. 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 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 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 March 31, 2008 and 2007 (unaudited) and December 31, 2007 (audited)

(thousands)	March 31, 2008	March 31, 2007	December 31, 2007
ASSETS			
Current assets			
Cash	\$ -	\$ 4,360	\$ 4,645
Accounts receivable	10,503	10,468	13,182
Inventories	15,473	16,642	11,797
Prepaid expenses	7,505	7,153	4,693
	33,481	38,623	34,317
Future income taxes	7,632	4,761	-
Property, plant and equipment	160,003	169,069	156,099
Investments	839	944	811
Other assets	92	177	113
Intangible assets	134,254	155,276	132,173
Goodwill	179,540	192,360	172,973
	\$ 515,841	\$ 561,210	\$ 496,486
LIABILITIES AND UNITHOLDERS'			
Current liabilities			
Bank indebtedness	\$ 1,025	\$ -	\$ -
Accounts payable and accrued liabilities	24,119	25,379	24,972
Distributions payable to unitholders	3,571	3,530	3,569
Principal due within one year on long-term debt	4,761	14,078	3,165
	33,476	42,987	31,706
Long-term debt	179,638	158,433	147,123
Convertible debentures	80,916	81,574	80,302
Future income taxes	-	-	2,790
Unitholders' equity			
Units	374,727	369,739	374,433
Contributed surplus	1,169	889	1,069
Equity portion of convertible debentures	9,206	9,564	9,206
Deficit	(109,298)	(85,492)	(86,109)
Accumulated other comprehensive loss	(53,993)	(16,484)	(64,034)
	221,811	278,216	234,565
	\$ 515,841	\$ 561,210	\$ 496,486

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations
 Three months ended March 31, 2008 and 2007 (unaudited)

(thousands, except per unit amounts)	2008	2007
Sales	\$ 24,235	\$ 26,378
Cost of sales, selling, general and administration expenses	31,386	32,567
Loss before the undernoted	(7,151)	(6,189)
Amortization	7,527	7,821
Interest	5,893	5,033
Acquisition integration charges	96	464
Gain on disposal of property, plant and equipment	(40)	(136)
Loss (gain) on foreign exchange	931	(202)
Costs of antitrust investigation and related expenses	1,002	-
Loss before income taxes	(22,560)	(19,169)
Income taxes		
Current	159	217
Future reduction	(10,240)	(8,445)
	(10,081)	(8,228)
Loss for the period	\$ (12,479)	\$ (10,941)
Loss per unit – basic and diluted	\$ (0.32)	\$ (0.30)

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

Three months ended March 31, 2008 and 2007 (unaudited)

(thousands)	2008	2007
Units		
Balance, beginning of period	\$ 374,433	\$ 303,176
Units issued, net of issue costs	294	66,563
Balance, end of period	<u>374,727</u>	<u>369,739</u>
Contributed surplus		
Balance, beginning of period	1,069	815
Unit-based compensation expense	100	74
Balance, end of period	<u>1,169</u>	<u>889</u>
Equity portion of convertible debentures		
Balance, beginning of period	9,206	9,566
Conversion of convertible debentures	-	(2)
Balance, end of period	<u>9,206</u>	<u>9,564</u>
Deficit		
Balance, beginning of period	(86,109)	(64,456)
Loss for the period	(12,479)	(10,941)
Distributions declared	(10,710)	(10,095)
Balance, end of period	<u>(109,298)</u>	<u>(85,492)</u>
Accumulated other comprehensive loss		
Balance, beginning of period	(64,034)	(12,938)
Other comprehensive income (loss)	10,041	(3,546)
Balance, end of period	<u>(53,993)</u>	<u>(16,484)</u>
Total Unitholders' Equity	<u>\$ 221,811</u>	<u>\$ 278,216</u>

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Comprehensive Loss**

Three months ended March 31, 2008 and 2007 (unaudited)

(thousands)	2008	2007
Loss for the period	<u>\$ (12,479)</u>	<u>\$ (10,941)</u>
Other comprehensive income (loss)		
Net gain (loss) on translation of self-sustaining foreign operations	10,021	(3,575)
Amortization of transitional adjustment to loss for the period	20	29
Other comprehensive income (loss)	<u>10,041</u>	<u>(3,546)</u>
Comprehensive loss for the period	<u>\$ (2,438)</u>	<u>\$ (14,487)</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three months ended March 31, 2008 and 2007 (unaudited)

(thousands)	2008	2007
Cash from (used in):		
Operating activities		
Loss for the period	\$ (12,479)	\$ (10,941)
Adjustments for:		
Amortization	7,527	7,821
Amortization of deferred financing	263	255
Amortization of transitional adjustment on interest rate swap	20	29
Accretion of convertible debenture principal	410	397
Accretion of long-term debt	101	234
Recognition of rents on a straight-line basis	181	193
Unit-based compensation expense	100	74
Gain on disposal of property, plant and equipment	(40)	(136)
Unrealized foreign exchange loss (gain) on long-term debt	465	(143)
Unrealized loss (gain) on foreign exchange options	705	(320)
Unrealized loss on interest rate swap	1,063	107
Future income taxes reduction	(10,240)	(8,445)
	<u>(11,924)</u>	<u>(10,875)</u>
Changes in working capital items	(6,355)	(3,151)
	<u>(18,279)</u>	<u>(14,026)</u>
Investing activities		
Additions to property, plant and equipment	(4,392)	(4,344)
Proceeds from disposal of property, plant and equipment	83	272
Additions to goodwill	(1,274)	-
Acquisition of business operations	(624)	(22,125)
	<u>(6,207)</u>	<u>(26,197)</u>
Financing activities		
Proceeds from long-term debt	28,894	35,742
Principal repayments on long-term debt	(310)	(52,606)
Units issued, net of issue costs	294	66,544
Distributions paid	(10,708)	(9,602)
	<u>18,170</u>	<u>40,078</u>
Foreign exchange gain (loss) on cash held in foreign currency	<u>646</u>	<u>(171)</u>
Decrease in cash	<u>(5,670)</u>	<u>(316)</u>
Cash, beginning of period	<u>4,645</u>	<u>4,676</u>
Cash (bank indebtedness), end of period	<u>\$ (1,025)</u>	<u>\$ 4,360</u>
Supplementary cash flow information		
Interest paid	\$ 5,694	\$ 6,360
Income taxes paid	<u>159</u>	<u>217</u>

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash

Three months ended March 31, 2008 and 2007 (unaudited)

(thousands, except per unit amounts)	2008	2007
Cash used in operating activities	\$ (18,279)	\$ (14,026)
Adjustments:		
Changes in working capital items ⁽¹⁾	6,355	3,151
	(11,924)	(10,875)
Less sustaining capital expenditures, net of dispositions ⁽²⁾	(1,387)	(1,844)
Distributable cash deficiency	\$ (13,311)	\$ (12,719)
Weighted average number of units	38,926.2	36,632.7
Distributable cash deficiency per unit	\$ (0.34)	\$ (0.35)
Distributions declared	\$ 10,710	\$ 10,095
Distributions declared per unit	\$ 0.28	\$ 0.28
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.10

- (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.