
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Fourth Quarter And Year-End Results

WINNIPEG – March 19, 2010 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the fourth quarter and year ended December 31, 2009.

Summary of 2009 *

- Reached agreement with Antitrust Division of U.S. Department of Justice
- Subsequent to year end, refinanced \$60 million notes
- Completed manufacturing automation initiatives at three California plants
- Rationalized distribution centers in Michigan, Ontario, New Jersey
- Completed technology improvements at Koldkist Ice operation in Oregon
- Sales decreased 8% to \$227.6 million due to poor weather and economic slowdown
- Adjusted loss of \$4.6 million vs adjusted earnings of \$2.7 million in 2008 **

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

*** Adjustments remove antitrust costs in 2008-09 and goodwill impairment charge in 2008*

“During 2009 a number of factors made the year challenging,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “Many of our markets experienced unseasonably cool and rainy weather during the key spring and summer selling seasons. When combined with the adverse effect of general economic conditions, sales volumes were down in most markets this year.”

An investigation into the U.S. packaged ice industry by the Antitrust Division of the U.S. Justice Department continued during much of 2009. In October 2009, Arctic Glacier reached an agreement with the DOJ to conclude the investigation as it relates in any way to the Fund, its board, management and staff in all markets. The agreement was accepted by the U.S. District Court in February 2010. This agreement was instrumental in enabling the Fund to complete a refinancing in February 2010 so that it could repay the \$60 million of senior secured notes that were scheduled to mature on March 1, 2010.

“The resolution of the antitrust investigation and the refinancing of the notes conclude two major issues for Arctic Glacier,” said Mr. McMahon. “As the economy gradually improves during 2010, the Fund is well positioned to benefit.”

“We will continue to strengthen Arctic Glacier by closely monitoring expenses, enhancing liquidity and effectively managing balance sheet leverage.” said Doug Bailey, the Fund’s Chief Financial Officer.

Fourth Quarter 2009 Review

Sales in the fourth quarter totaled \$33.3 million, a decrease of \$2.9 million or 8% compared to the same period in 2008. The change was mainly attributable to extremely poor weather conditions in key markets and the overall slowdown in the North American economy. In addition, the stronger Canadian dollar increased the U.S. dollar value of sales generated in Canadian markets by \$0.6 million.

Cost of sales, selling, general and administration expenses totaled \$34.4 million, a reduction of \$0.5 million or 1% largely due to lower sales and production volumes. The stronger Canadian dollar increased the U.S. dollar value of costs incurred in Canadian operations by \$0.9 million.

On October 13, 2009 a subsidiary of the Fund entered into an agreement with the U.S. Department of Justice (“DOJ”) Antitrust Division (see “U.S. DOJ Investigation and Related Litigation”, below). On February 11, 2010 the agreement was accepted by the U.S. District Court. Terms of the agreement, among others, require the Fund to pay a fine of \$9 million in installments over five years. For the fourth quarter of 2009, legal fees and other expenses in connection with investigations by the DOJ, various state attorneys general and the DOJ Civil Division plus related civil litigation totaled \$1.3 million, compared to \$2.9 million last year.

The loss for the fourth quarter totaled \$17.6 million, versus a loss of \$25.8 million in the same quarter of 2008. That was equivalent to a loss of \$0.45 (basic and diluted) per unit, compared to \$0.66 (basic and diluted) last year. The reduced loss was mainly due to unrealized gains on the changes in fair value of interest-rate swaps and U.S. dollar debt instruments, reduced costs of antitrust investigations and litigation and lower income tax expense.

Fiscal 2009 Financial Review

Sales in 2009 totaled \$227.6 million, or 8% lower than last year. The change was mainly due to poor weather in major markets in spring and summer and the economic slowdown, which led to an 8% sales decrease in previously serviced markets. The weaker Canadian dollar reduced the U.S. dollar denominated value of Canadian sales by \$3.3 million. Offsetting the decrease was \$2.0 million in sales contributed by acquisitions during 2009.

EBITDA in 2009 declined by 10.2% to \$54.5 million due to lower sales and production volumes due to unfavorable weather and the economic slowdown. EBITDA margins declined to 23.9% from 24.6% last year, largely because lower production and sales volumes reduced fixed-cost efficiency.

Legal costs related to the DOJ antitrust investigation and related litigation during 2009 totaled \$11.3 million, comprised of the discounted value of the fine of \$6.3 million plus legal and related outlays of \$5.0 million. By comparison, the total for legal and related outlays during 2008 was \$7.6 million.

The Fund ended the year with a loss of \$15.9 million, compared to a loss of \$36.9 million in 2008. However, these results were heavily influenced by substantial legal costs related to the antitrust investigation (see above) in 2008-09, plus a \$32.0 million non-cash goodwill impairment charge in 2008. Removing these costs provides a more accurate representation of ongoing operating results. On that basis the Fund posted an adjusted loss of \$4.6 million in 2009, compared to adjusted earnings of \$2.7 million in 2008. That equates to an adjusted loss of \$0.12 per unit (basic and diluted) in 2009 versus adjusted earnings of \$0.07 per unit (basic and diluted) the previous year. The decrease was mainly due to reduced EBITDA and higher loan amendment fees, partially offset by foreign exchange gains and lower interest costs.

Financial Position

As at December 31, 2009, Arctic Glacier’s net debt, excluding convertible debentures, was \$162.3 million, down from \$168.5 million at the same time last year.

The Fund had a working capital deficiency of \$58.0 million at December 31, 2009. This resulted from the classification of \$60 million of senior secured notes as current liabilities since they were scheduled to mature on March 1, 2010. These notes were repaid in full subsequent to the end of the year on

February 10, 2010. Excluding the notes, the Fund's working capital at December 31, 2009 was \$2.0 million, an improvement of \$3.1 million compared to a working capital deficiency of \$1.1 million at the same time in 2008.

Subsequent to the end of the year, on February 10, 2010 the Fund negotiated a new term loan facility consisting of a \$185 million second lien fixed-term secured loan (US\$138.4 million and C\$50.0 million) scheduled to mature on February 10, 2014. Proceeds from the loan were deployed to entirely repay the notes prior to maturity, with the balance being applied toward the revolving term credit facility and to fund transaction costs. In connection with this refinancing, the Fund also issued warrants to acquire up to 3.0 million units of the Fund at any time prior to February 9, 2014 at an exercise price of \$4.00 per unit. In addition, the revolving term credit facility was amended and extended to February 10, 2013. The revolving term credit facility now provides up to US\$70 million of liquidity for the Company's ongoing financial requirements.

The Fund's net debt to EBITDA ratio at December 30, 2009 was 2.9:1, unchanged from the same time last year. As of December 31, 2009 the Fund was in compliance with all debt covenants.

U.S. DOJ Investigation and Related Litigation

The October 13, 2009 agreement with the DOJ (see above) settled all charges related to allegations that three former employees conspired with a co-conspirator company from January 2001 through July 2007 to allocate packaged ice customers in southeastern Michigan. Under terms of the agreement, which was accepted by the U.S. District Court on February 11, 2010, the subsidiary agreed to plead guilty and to pay a fine of \$9 million payable in installments over five years. The Fund has also agreed to cooperate with the DOJ's ongoing investigation of other companies and individuals. The agreement concludes the DOJ Antitrust Division investigation as it relates in any way to the Fund, its board, management and staff in all markets.

Still ongoing is an investigation by the DOJ Civil Division to determine if the U.S. government has been overcharged in its purchases of packaged ice and a number of state investigations to determine if state antitrust laws have been broken. Also outstanding are several class action lawsuits initiated in Canada and the U.S. Two court judgments were rendered on civil cases during 2009. In February a class action in Kansas state court was dismissed for the plaintiff's failure to state an actionable claim against the Fund. In May a U.S. judge in Michigan dismissed the bulk of a civil case brought by a former employee against a subsidiary of the Fund. In January 2010 a judge in Wisconsin denied class action status for another lawsuit, effectively restricting the case to a single customer. At this time, it is not possible to predict the timeline or final outcome of the investigations or litigation, or any potential effect they may have on the Fund or its operations.

Outlook

As the Fund proceeds through 2010, its outlook has improved.

The U.S. District Court acceptance of Arctic Glacier's agreement with the DOJ on February 11, 2010 constitutes a major step forward on an issue that has added significantly to costs and impeded the Fund's access to capital markets. Still ongoing are a number of state investigations to determine if state antitrust laws have been broken, and an investigation by the DOJ Civil Division to determine if the U.S. government has been overcharged in its purchases of packaged ice. Also outstanding are several class action lawsuits initiated in Canada and the U.S. At this time it is not possible to predict the timeline or final outcome of the investigations or litigation, or any potential effect they may have on the Fund or its operations.

Resolution of the uncertainty related to the outcome of the DOJ antitrust investigation also permitted the Fund to successfully complete the refinancing of its \$60 million in maturing senior secured notes and its revolving term credit facility subsequent to the end of the year. In February 2010 the Fund obtained a new four year, \$185 million term loan with new lenders. The Fund also amended the terms of the existing revolver, extending maturity to three years and reducing it in size to \$70 million. The proceeds of the new term loan were used to repay the senior secured notes, pay fees and expenses related to the debt, and reduce the amount outstanding on the revolving term credit facility.

Borrowing costs are expected to be higher in the future as the interest rate on the new term loan facility is higher than the previous credit facilities. The trustees of the Fund do not anticipate paying distributions for the foreseeable future as the lending agreements effectively prevent payment of distributions through February 2014.

The trustees expect the Fund to convert from an income trust to a corporation during 2011, subject to approval from unitholders and other stakeholders.

Many of Arctic Glacier's key markets experienced below-average weather conditions during 2009, which reduced sales volumes. A return to historic weather norms in 2010 would remove this negative impact and improve sales.

These challenges have not distracted Arctic Glacier from its core objectives of providing quality product and industry-leading customer service. Management will continue to follow a strategic direction defined by a number of objectives. The first is to improve profitability by continuing to closely monitor expenses and capital outlays. The second 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 effectively managing balance sheet leverage. The fourth is to capitalize on business opportunities as they arise.

Arctic Glacier's ability to maintain positive operating cash flows in spite of reduced sales volumes demonstrates that the Fund is equipped to mitigate the challenging business environment. It also positions the Fund to take advantage of improvements in economic factors and weather in 2010 and beyond.

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 48 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 2009 results during a conference call with a live audio webcast for investors and analysts on **Friday, March 19 at 11 a.m. (EDT)**. To access the simultaneous webcast, log on to Arctic Glacier's website at www.arcticglacier.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, loan amendment fees, income taxes, depreciation, amortization, acquisition integration charges, gains or losses on foreign exchange, impairment of property, plant and equipment, 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 litigation 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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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**Consolidated Balance Sheets**

As at December 31, 2009 and 2008

(thousands of U.S. dollars)

	2009	2008
ASSETS		
Current assets		
Cash	\$ 727	\$ 303
Accounts receivable	12,011	11,813
Inventories	8,688	9,032
Prepaid expenses	4,877	4,323
	<u>26,303</u>	25,471
Property, plant and equipment	142,136	148,821
Investments	-	818
Intangible assets	122,547	130,811
Goodwill	146,807	144,416
	<u>\$ 437,793</u>	<u>\$ 450,337</u>
 LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 23,169	\$ 25,219
Principal due within one year on long-term debt	61,099	1,361
	<u>84,268</u>	26,580
Long-term debt	101,960	167,431
Convertible debentures	81,515	68,023
Future income taxes	8,685	1,511
 Unitholders' equity		
Units	325,209	325,207
Contributed surplus	1,848	1,320
Equity portion of convertible debentures	8,358	8,358
Deficit	(155,774)	(139,900)
Accumulated other comprehensive loss	(18,276)	(8,193)
	<u>161,365</u>	186,792
	<u>\$ 437,793</u>	<u>\$ 450,337</u>

ARCTIC GLACIER INCOME FUND
Consolidated Statements of Operations

Three and twelve months ended December 31, 2009 and 2008

	Three Months		Twelve Months	
	(unaudited)			
<i>(thousands of U.S. dollars, except per unit amounts)</i>	2009	2008	2009	2008
Sales	\$ 33,281	\$ 36,151	\$227,588	\$246,982
Cost of sales, selling, general and administration expenses	34,429	34,897	173,091	186,284
Earnings (loss) before the undernoted	(1,148)	1,254	54,497	60,698
Amortization	7,584	7,813	30,277	30,864
Impairment of property, plant and equipment	200	-	200	-
Interest	5,624	7,455	20,533	22,972
Loan amendment fees	-	5	2,062	1,172
Acquisition integration expenses	19	85	247	384
Loss (gain) on disposals	115	(1)	503	57
Loss (gain) on foreign exchange	(245)	2,224	(2,356)	3,154
Costs of antitrust investigations and related litigation	1,340	2,900	11,253	7,575
Goodwill impairment	-	-	-	31,966
Loss before income taxes	(15,785)	(19,227)	(8,222)	(37,446)
Income taxes				
Current	83	189	463	688
Future (reduction)	1,750	6,357	7,189	(1,275)
	1,833	6,546	7,652	(587)
Loss	\$(17,618)	\$(25,773)	\$(15,874)	\$(36,859)
Loss per unit – basic and diluted	\$ (0.45)	\$ (0.66)	\$ (0.41)	\$ (0.95)

ARCTIC GLACIER INCOME FUND
Consolidated Statements of Changes in Unitholders' Equity
Three and twelve months ended December 31, 2009 and 2008

<i>(thousands of U.S. dollars)</i>	Three Months		Twelve Months	
	(unaudited)			
	2009	2008	2009	2008
Units				
Balance, beginning of period	\$325,207	\$325,207	\$ 325,207	\$ 324,191
Units issued, net of issue costs	<u>2</u>	-	<u>2</u>	1,016
Balance, end of period	<u>325,209</u>	325,207	<u>325,209</u>	325,207
Contributed surplus				
Balance, beginning of period	1,652	1,237	1,320	942
Unit-based compensation expense	<u>196</u>	83	<u>528</u>	378
Balance, end of period	<u>1,848</u>	1,320	<u>1,848</u>	1,320
Equity portion of convertible debentures				
Balance, beginning and end of period	<u>8,358</u>	8,358	<u>8,358</u>	8,358
Deficit				
Balance, beginning of period	(138,156)	(114,127)	(139,900)	(75,482)
Loss	(17,618)	(25,773)	(15,874)	(36,859)
Distributions declared	-	-	-	(27,559)
Balance, end of period	<u>(155,774)</u>	(139,900)	<u>(155,774)</u>	(139,900)
Accumulated other comprehensive loss				
Balance, beginning of period	(17,019)	(16,720)	(8,193)	(21,385)
Other comprehensive income (loss)	<u>(1,257)</u>	8,527	<u>(10,083)</u>	13,192
Balance, end of period	<u>(18,276)</u>	(8,193)	<u>(18,276)</u>	(8,193)
Total Unitholders' Equity	<u>\$ 161,365</u>	\$ 186,792	<u>\$ 161,365</u>	\$ 186,792

ARCTIC GLACIER INCOME FUND**Consolidated Statement of Comprehensive Loss**

Three and twelve months ended December 31, 2009 and 2008

<i>(thousands of U.S. dollars)</i>	Three Months		Twelve Months	
	<i>(unaudited)</i>			
	2009	2008	2009	2008
Loss	\$ (17,618)	\$ (25,773)	\$ (15,874)	\$ (36,859)
Other comprehensive income (loss):				
Net unrealized foreign currency translation gain (loss)	(1,274)	8,509	(10,153)	13,119
Amortization of transitional adjustment to loss	17	18	70	73
Other comprehensive income (loss)	(1,257)	8,527	(10,083)	13,192
Comprehensive loss	\$ (18,875)	\$ (17,246)	\$ (25,957)	\$ (23,667)

ARCTIC GLACIER INCOME FUND
Consolidated Statements of Cash Flows

Three and twelve months ended December 31, 2009 and 2008

<i>(thousands of U.S. dollars)</i>	Three Months		Twelve Months	
	(unaudited)			
	2009	2008	2009	2008
Cash from (used in):				
Operating activities				
Loss	\$(17,618)	\$(25,773)	\$(15,874)	\$(36,859)
Adjustments for:				
Amortization	7,584	7,813	30,277	30,864
Impairment of property, plant and equipment	200	-	200	-
Amortization of transitional adjustment on interest rate swap	17	18	70	73
Amortization of deferred financing	388	318	1,421	1,257
Accretion of convertible debenture principal	455	362	1,631	1,595
Accretion of long-term debt	36	56	125	267
Recognition of rents on a straight-line basis	179	179	716	716
Unit-based compensation expense	196	83	528	378
Loss (gain) on disposals	115	(1)	503	57
Unrealized foreign exchange loss (gain) on long-term debt	(245)	1,712	(1,936)	2,642
Unrealized loss (gain) on foreign exchange contracts	-	513	(515)	1,565
Change in fair value of interest rate swap	(490)	2,580	(1,014)	3,223
Costs of antitrust investigations and related litigation	(110)	-	6,264	-
Goodwill impairment	-	-	-	31,966
Future income taxes (reduction)	1,750	6,357	7,189	(1,275)
	(7,543)	(5,783)	29,585	36,469
Changes in non-cash working capital items	8,620	11,927	(1,426)	1,208
	1,077	6,144	28,159	37,677
Investing activities				
Additions to property, plant and equipment	(2,364)	(1,533)	(10,991)	(13,980)
Proceeds from disposal of property, plant and equipment	21	130	209	535
Proceeds from disposal of investments	733	-	733	-
Additions to intangibles and goodwill	-	-	(23)	(1,272)
Acquisition of business operations	-	(128)	(228)	(19,622)
	(1,610)	(1,531)	(10,300)	(34,339)
Financing activities				
Proceeds from long-term debt	951	2,000	37,511	64,155
Principal repayments on long-term debt	(6,044)	(12,401)	(55,508)	(40,819)
Units issued, net of issue costs	2	-	2	1,016
Distributions paid	-	-	-	(31,158)
	(5,091)	(10,401)	(17,995)	(6,806)
Foreign exchange gain (loss) on cash held in foreign currency	30	(881)	560	(914)
Increase (decrease) in cash	(5,594)	(6,669)	424	(4,382)
Cash, beginning of period	6,321	6,972	303	4,685
Cash, end of period	\$ 727	\$ 303	\$ 727	\$ 303

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

Three and twelve months ended December 31, 2009 and 2008 (unaudited)

	<u>Three Months</u>		<u>Twelve Months</u>	
<i>(thousands of U.S. dollars, except per unit amounts)</i>	2009	2008	2009	2008
Cash from operating activities	\$ 1,077	\$ 6,144	\$ 28,159	\$ 37,677
Adjustments:				
Changes in non-cash working capital items	(8,620)	(11,927)	1,426	(1,208)
Less sustaining capital expenditures	(1,984)	(984)	(8,477)	(7,069)
Distributable cash	(9,527)	(6,767)	21,108	29,400
Add back one-time costs of antitrust investigations and related litigation	1,450	2,900	4,989	7,575
Distributable cash excluding costs of antitrust investigations and related litigation	\$ (8,077)	\$ (3,867)	\$ 26,097	\$ 36,975
Weighted average number of units	39,043	39,042	39,042	38,985
Distributable cash per unit	\$ (0.24)	\$ (0.17)	\$ 0.54	\$ 0.75
Distributable cash per unit excluding costs of antitrust investigations and related litigation	\$ (0.21)	\$ (0.10)	\$ 0.67	\$ 0.95

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

Three and twelve months ended December 31, 2009 and 2008 (unaudited)

	<u>Three Months</u>		<u>Twelve Months</u>	
<i>(thousands of U.S. dollars, except per unit amounts)</i>	2009	2008	2009	2008
Loss for the period	\$ (17,618)	\$(25,773)	\$ (15,874)	\$(36,859)
Add:				
Costs of antitrust investigation and related expenses ⁽¹⁾	2,755	4,770	11,253	7,575
Goodwill impairment ⁽²⁾	-	8,191	-	31,966
Adjusted earnings (loss) for the period	\$ (14,863)	\$(12,812)	\$ (4,621)	\$ 2,682
Loss per unit – basic and diluted	\$ (0.45)	\$ (0.66)	\$ (0.41)	\$ (0.95)
Adjusted earnings (loss) per unit – basic and diluted	\$ (0.38)	\$ (0.33)	\$ (0.12)	\$ 0.07

- (1) Costs of antitrust investigation and related expenses for the three months ended December 31, 2009 includes reversal of tax effect of \$1,415 (2008 - \$1,870) included in figures for previous quarters. Costs for the twelve months ended December 31, 2009 are net of tax effect of \$nil (2008 - \$nil) since future tax recovery is offset by valuation allowance against future tax assets in U.S. subsidiaries which may not be fully realized.
- (2) Costs of goodwill impairment for the three months ended December 31, 2008 includes reversal of tax effect of \$8,191 included in figures for previous quarters. Costs for the twelve months ended December 31, 2008 are net of tax effect of \$nil since 2008 future tax recovery is offset by valuation allowance against future tax assets in U.S. subsidiaries which may not be fully realized.