
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts First Quarter Results

WINNIPEG – May 11, 2010 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the first quarter ended March 31, 2010.

Summary *

- Refinanced \$60 million senior secured notes and revolving term credit facility
- Entered into a four-year \$185 million term loan
- U.S. District Court accepted Arctic Glacier agreement with U.S. Department of Justice
- Initiated expansion into Arizona and Colorado markets
- Started commissioning of Phoenix ice manufacturing plant
- Sales decreased by \$0.8 million vs Q1 2009 due to weather and product rationalization
- Cash used in operating activities improved by \$0.9 million vs Q1 2009

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

“During the first quarter, Arctic Glacier crossed two major thresholds,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “In February 2010 the U.S. District Court accepted an agreement we reached with the Antitrust Division of the U.S. Justice Department. The agreement concludes the DOJ’s antitrust investigation into the U.S. packaged ice industry as it relates in any way to the Fund, its board, management and staff in all markets.”

This agreement was instrumental in enabling the Fund to complete a refinancing in February 2010 to repay \$60 million of senior secured notes that were scheduled to mature on March 1, 2010, Mr. McMahon noted.

“The first quarter also saw Arctic Glacier expand into the Arizona and Colorado markets,” added Mr. McMahon. “At present we are commissioning our modern and efficient ice manufacturing plant in Phoenix, which will be fully operational in the second quarter. These markets are geographically contiguous with our existing markets in California and the Midwest U.S. and provide us the opportunity to grow our business with some of our existing major customers.”

“We will continue to strengthen Arctic Glacier by closely monitoring expenses and capital outlays, enhancing liquidity and managing balance sheet leverage as we remain alert for expansion opportunities,” observed Doug Bailey, the Fund’s Chief Financial Officer.

First Quarter 2010 Review

Sales in the first quarter totaled \$22.3 million, a decrease of \$0.8 million or 3% compared to the same period in 2009. The change was mainly attributable to more severe winter weather in certain markets early in the quarter, plus rationalization of lower-margin products. The reduction was partially offset by the stronger Canadian dollar, which 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 \$30.2 million, an increase of \$0.6 million or 2%. This was largely due to the stronger Canadian dollar, which increased the U.S. dollar value of costs incurred in Canadian operations by \$1.3 million as well as expansion into new markets.

These increases were partially offset by lower sales volumes and rationalization of lower margin products.

Legal fees and other expenses in connection with ongoing investigations by the DOJ plus related civil litigation totaled \$1.2 million in the first quarter, compared to \$1.5 million in the same period last year. On February 11, 2010, the U.S. District Court accepted the agreement that a subsidiary of the Fund had entered into with the U.S. Department of Justice (“DOJ”) Antitrust Division (see “U.S. DOJ Investigation and Related Litigation”, below) on October 13, 2009. Terms of the agreement, among others, require the Fund to pay a fine of \$9 million in installments over five years, of which the Fund paid the first installment of \$1 million during the first quarter.

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 2010, EBITDA was negative \$7.9 million, compared with negative \$6.5 million for the same quarter in 2009.

Antitrust costs significantly affected the Fund’s results in the first quarter of both years. Excluding these costs provides a more accurate representation of ongoing operating results. Accordingly, adjusted loss for the first quarter of 2010 was \$15.9 million, compared to an adjusted loss of \$12.2 million last year. That was equivalent to a loss of \$0.41 (basic and diluted) per unit, compared to \$0.31 (basic and diluted) last year. The change was mainly due to higher interest costs related to the refinancing, combined with increased quarterly EBITDA deficiency.

Including antitrust expenses, net loss for the first quarter totaled \$16.6 million or \$0.43 per unit, compared to a net loss of \$13.1 million or \$0.33 per unit in the same quarter of 2009.

Financial Position

As at March 31, 2010, Arctic Glacier’s net debt, excluding convertible debentures, was \$178.5 million, down from \$182.7 million at the same time last year.

The Fund’s working capital at March 31, 2010 was \$0.7 million, an improvement of \$48.1 million compared to a working capital deficiency of \$47.4 million at the same time in 2009. The reason for the difference is that the senior secured notes scheduled to mature in early 2010 were classified as current liabilities for the comparable period last year.

On February 10, 2010 subsidiaries of the Fund entered into 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 \$60 million in notes prior to maturity, with the balance being applied toward the revolving term credit facility and to fund fees and expenses related to the debt. 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 C\$4.00 per unit. In addition, the revolving term credit facility was amended and extended to February 10, 2013. This facility now provides up to \$70 million of liquidity for the Company’s ongoing financial requirements subject to various covenant restrictions with \$38.5 million available at March 31, 2010.

The Fund’s net debt to EBITDA ratio at March 31, 2010 was 3.2 to 1, compared to 3.1 to 1 at the same time last year. As at March 31, 2010 the Fund was in compliance with all debt covenants.

U.S. DOJ Investigation and Related Litigation

On February 11, 2010, the U.S. District Court accepted an agreement entered into between a subsidiary of the Fund and the DOJ (see above). Under terms of the agreement, the subsidiary agreed to plead guilty and to pay a fine of \$9 million, payable in installments over five years, of which the Fund paid the first installment of \$1 million during the first quarter. 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 Arctic Glacier enters its primary selling season, the resolution of two major issues during the first quarter has improved the Fund's outlook for the balance of 2010.

On February 11, 2010, the U.S. District Court accepted the agreement that the Fund had entered into with the DOJ late last year to settle all charges related to the investigation by the DOJ Antitrust Division. The agreement resolves all such matters as they relate in any way to the Fund, its board, management and staff in all markets.

Resolution of the uncertainty related to the outcome of the DOJ antitrust investigation also permitted the Fund to successfully complete the refinancing of its maturing senior secured notes and its revolving term credit facility. In February 2010 the Fund obtained a new four year, \$185 million amortizing term loan with new lenders. The Fund also amended the terms of the revolving credit facility, 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 will increase 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. In addition, the trustees expect the Fund to convert from an income trust to a corporation during 2011, subject to approval from unitholders and other stakeholders.

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

Also this year, Arctic Glacier will continue to penetrate markets in Arizona and Colorado and will maximize the benefit of its modern and efficient Phoenix manufacturing plant, which will be fully operational in the second quarter.

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, as well as 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. 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.

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 over the past year despite 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 more favorable weather in the spring and summer of 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 39 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

<p>Arctic Glacier will discuss first quarter 2010 results during a conference call with a live audio webcast for investors and analysts on Tuesday, May 11 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.</p>

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**Interim Consolidated Balance Sheets**

As at March 31, 2010 and 2009 (unaudited) and December 31, 2009 (audited)

(thousands of U.S. dollars)	March 31, 2010	March 31, 2009	December 31, 2009
ASSETS			
Current assets			
Cash	\$ 4,626	\$ 13,611	\$ 727
Accounts receivable	9,318	8,421	12,011
Inventories	11,557	12,001	8,688
Prepaid expenses	5,482	4,971	4,877
	30,983	39,004	26,303
Future income taxes	640	6,972	-
Property, plant and equipment	140,289	145,215	142,136
Investments	-	818	-
Intangible assets	120,643	128,187	122,547
Goodwill	147,465	143,826	146,807
	\$ 440,020	\$ 464,022	\$ 437,793
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 27,932	\$ 25,757	\$ 23,169
Principal due within one year on long-term debt	2,339	60,695	61,099
	30,271	86,452	84,268
Long-term debt	180,830	135,571	101,960
Convertible debentures	85,067	66,221	81,515
Future income taxes	-	-	8,685
Unitholders' equity			
Units	325,209	325,207	325,209
Contributed surplus	2,002	1,400	1,848
Warrants	1,484	-	-
Equity portion of convertible debentures	8,358	8,358	8,358
Deficit	(172,392)	(152,956)	(155,774)
Accumulated other comprehensive loss	(20,809)	(6,231)	(18,276)
	143,852	175,778	161,365
	\$ 440,020	\$ 464,022	\$ 437,793

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations
Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars, except per unit amounts)	2010	2009
Sales	\$ 22,341	\$ 23,130
Cost of sales, selling, general and administration expenses	30,241	29,608
Loss before the undernoted	(7,900)	(6,478)
Amortization	8,123	7,631
Interest	7,775	4,449
Loan amendment fees	400	508
Acquisition integration expenses	-	153
Loss (gain) on disposals	95	(20)
Loss on foreign exchange	283	735
Costs of antitrust investigations and related litigation	1,200	1,458
Loss before income taxes	(25,776)	(21,392)
Income taxes		
Current	170	173
Future reduction	(9,328)	(8,509)
	(9,158)	(8,336)
Loss for the period	\$ (16,618)	\$ (13,056)
Loss per unit – basic and diluted	\$ (0.43)	\$ (0.33)

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

Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars)	2010	2009
Units		
Balance, beginning and end of period	<u>\$ 325,209</u>	<u>\$ 325,207</u>
Contributed surplus		
Balance, beginning of period	1,848	1,320
Unit-based compensation expense	<u>154</u>	<u>80</u>
Balance, end of period	<u>2,002</u>	<u>1,400</u>
Warrants		
Balance, beginning of period	-	-
Warrants issued	<u>1,484</u>	<u>-</u>
Balance, end of period	<u>1,484</u>	<u>-</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	(155,774)	(139,900)
Loss for the period	<u>(16,618)</u>	<u>(13,056)</u>
Balance, end of period	<u>(172,392)</u>	<u>(152,956)</u>
Accumulated other comprehensive loss		
Balance, beginning of period	(18,276)	(8,193)
Other comprehensive income (loss)	<u>(2,533)</u>	<u>1,962</u>
Balance, end of period	<u>(20,809)</u>	<u>(6,231)</u>
Total Unitholders' Equity	<u>\$ 143,852</u>	<u>\$ 175,778</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Comprehensive Loss
Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars)	2010	2009
Loss for the period	<u>\$ (16,618)</u>	<u>\$ (13,056)</u>
Other comprehensive income (loss)		
Net unrealized foreign currency translation gain (loss)	(2,551)	1,944
Amortization of transitional adjustment to loss for the period	18	18
Other comprehensive income (loss)	<u>(2,533)</u>	<u>1,962</u>
Comprehensive loss for the period	<u>\$ (19,151)</u>	<u>\$ (11,094)</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars)	2010	2009
Cash from (used in):		
Operating activities		
Loss for the period	\$ (16,618)	\$ (13,056)
Adjustments for:		
Amortization	8,123	7,631
Amortization of transitional adjustment on interest rate swap	18	18
Amortization of deferred financing charges	831	319
Accretion of convertible debenture principal	465	355
Accretion of long-term debt	198	26
Accrual of payment-in-kind interest	251	-
Recognition of rents on a straight-line basis	179	179
Unit-based compensation expense	154	80
Loss (gain) on disposals	95	(20)
Unrealized foreign exchange loss on long-term debt	283	462
Unrealized loss on foreign exchange contracts	-	273
Changes in fair value of interest rate swap	(396)	43
Future income taxes reduction	(9,328)	(8,509)
	<u>(15,745)</u>	<u>(12,199)</u>
Changes in non-cash working capital items	4,251	(181)
	<u>(11,494)</u>	<u>(12,380)</u>
Investing activities		
Additions to property, plant and equipment	(3,474)	(2,476)
Proceeds from disposal of property, plant and equipment	52	130
	<u>(3,422)</u>	<u>(2,346)</u>
Financing activities		
Proceeds from long-term debt	189,676	29,896
Principal repayments on long-term debt	(153,132)	(1,764)
Payment of deferred financing charges	(17,777)	-
	<u>18,767</u>	<u>28,132</u>
Foreign exchange gain (loss) on cash held in foreign currency	<u>48</u>	<u>(98)</u>
Increase in cash	3,899	13,308
Cash, beginning of period	<u>727</u>	<u>303</u>
Cash, end of period	\$ 4,626	\$ 13,611

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

Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars, except per unit amounts)	2010	2009
Cash used in operating activities	\$ (11,494)	\$ (12,380)
Adjustments:		
Changes in non-cash working capital items ⁽¹⁾	(4,251)	181
Less sustaining capital expenditures, net of dispositions ⁽²⁾	(1,440)	(934)
Distributable cash deficiency	(17,185)	(13,133)
Add back costs of antitrust investigations and related litigation	1,200	1,458
Distributable cash deficiency before deducting costs of antitrust investigations and related litigation	\$ (15,985)	\$ (11,675)
Weighted average number of units	39,043.4	39,042.2
Distributable cash deficiency per unit	\$ (0.44)	\$ (0.34)
Distributable cash deficiency per unit before deducting costs of antitrust investigations and related litigation	\$ (0.41)	\$ (0.30)

⁽¹⁾ Changes in non-cash 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.

⁽²⁾ Sustaining capital expenditures represent the replacement of property, plant and equipment to sustain current business operations and are funded from operating cash flow.

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

Three months ended March 31, 2010 and 2009 (unaudited)

(thousands of U.S. dollars, except per unit amounts)	2010	2009
Loss for the period	\$ (16,618)	\$ (13,056)
Add costs of antitrust investigations and related litigation ⁽¹⁾	720	875
Adjusted loss	\$ (15,898)	\$ (12,181)
Loss per unit – basic and diluted	\$ (0.43)	\$ (0.33)
Adjusted loss per unit – basic and diluted	\$ (0.41)	\$ (0.31)

⁽¹⁾ Net of tax effect of \$480 (2009 - \$583).