ARCTIC GLACIER INCOME FUND

Arctic Glacier to Acquire California Ice in US$190 Million Transaction

Purchase Significantly Enhances Arctic Glacier's Position As Second-Largest U.S. Packaged Ice Company

Winnipeg, May 9, 2006 – Arctic Glacier Income Fund (TSX: AG.UN) today announced its subsidiary, Arctic Glacier Inc., has entered into definitive agreements to indirectly acquire California Ice for approximately US$190 million.

California Ice is comprised of six companies that as a group represent the leading independent manufacturer and distributor of packaged ice in California and one of the four largest packaged ice companies in the U.S. California Ice is the market leader in all of the most densely populated areas of California, including Los Angeles, San Diego, San Francisco, Oakland, San Jose and Sacramento. It is also the only independent producer of packaged ice with a state-wide presence and infrastructure.

"This acquisition is a major step in the growth of Arctic Glacier," said Robert Nagy, President and CEO. "With this transaction we are acquiring the clear market leader in one of the most attractive markets in North America, a region characterized by its warm weather, extended peak selling season, reduced seasonality and favourable population growth. As a result, Arctic Glacier will not only be the leading industry player in Canada but will now have dramatically consolidated its position as the second-largest operator in the growing U.S. market."

"On a pro forma basis, this acquisition is expected to immediately deliver strong accretion to distributable cash per unit prior to synergies," said Keith McMahon, Arctic Glacier's Executive Vice President and CFO. "Further, in the short-term, we expect to realize material rationalization savings at California Ice in addition to integration synergies arising from the combination of California Ice with Arctic Glacier."

On a pro forma basis, Arctic Glacier will be among the larger consumer products income funds, with sales and EBITDA of $238 million and $69 million, respectively. "This transaction will diversify our revenue base, solidify our strong margins, substantially increase our market capitalization and enhance our platform in the U.S. It is also expected to create attractive opportunities for further accretive acquisitions," Mr. McMahon added.

The Fund today also announced it has entered into an agreement with a syndicate of underwriters for a public offering, on a bought deal basis, of 4,673,000 Subscription Receipts at a price of $10.70 per Subscription Receipt for gross proceeds of $50 million and $100 million principal amount of 6.50% Extendible Convertible Unsecured Subordinated Debentures. The remainder of the purchase price will be funded through committed credit facilities.

Scotia Capital Inc. is acting as exclusive financial advisor to Arctic Glacier in respect of the transaction.

For additional information on the transaction, see the attached fact sheet.

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 under the brand name of Arctic Glacier® Premium Ice. Arctic Glacier operates 26 production plants and 41 distribution facilities across Canada and the central, midwest and northeastern United States, servicing more than 53,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 27.9 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss the California Ice transaction during a conference call with a live audio webcast for investors and analysts on Wednesday, May 10 at 11 a.m. (EDT). To participate, dial 1-800-257-1836. 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. The call will be archived on the website.

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, amortization and non-recurring expenses including acquisition integration charges. EBITDA is a performance measure used by many investors 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 many investors 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 net income, cash from operations 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

For further information please contact Robert Nagy, President & CEO or Keith McMahon, Executive VP & Chief Financial Officer at Arctic Glacier Inc.
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ARCTIC GLACIER INCOME FUND

Fact Sheet

California Ice Acquisition

Summary Table

(Year ended December 31, 2005)

	Arctic Glacier	California Ice	Pro Forma
Production plants	26	8	34
Distribution centres	41	5	46
Production capacity (tons/day)	5,400	3,350	8,750
Storage capacity (pallets)	25,000	16,240	41,240
Employees	800	340	1,140
Number of customers	53,000	12,000	65,000
Sales (C$ millions)	$156	$81	$238
EBITDA (C$ millions)	$41	$29	$69
Distributable Cash (C$ millions)	$29	$26	$46
Distributable Cash per unit (basic)	$1.20	-	$1.56
Distributable Cash per unit (diluted)	$1.20	-	$1.40

About California Ice

California Ice is comprised of six companies that as a group represent the leading independent manufacturer and distributor of packaged ice in California. The group directly and indirectly serves approximately 12,000 customer locations under the brand names "Jack Frost", "Glacier Ice" and "Mountain Water Ice". California Ice sells its ice packaged in three to 40-pound bags to a highly diversified customer base, including supermarkets, mass merchants, convenience stores and wholesale distributors. Key customers include Albertsons, Safeway, Smart & Final, Stater Bros and Vons.

California Ice operates eight production facilities that together have an average daily ice manufacturing capacity of approximately 3,350 tons. It also operates five distribution facilities which, together with storage at the production facilities, provides total storage capacity of more than 16,000 pallets of ice. The manufacturing facilities and distribution centres of California Ice are modern and well-maintained. California Ice also owns approximately 7,000 ice merchandisers (free standing cold storage units installed at customer locations).

Acquisition Rationale

Arctic Glacier is acquiring California Ice for a number of reasons, including:

- The acquisition reinforces Arctic Glacier's position as a leader in the stable and growing North American packaged ice industry. Arctic Glacier is the leading manufacturer and distributor of packaged ice in Canada and this acquisition significantly reinforces its position as the second-largest packaged ice company in the U.S.;
- California Ice is the clear market leader in one of the most attractive regions in North America for packaged ice sales. The acquisition is consistent with Arctic Glacier's strategy of being the market leader in each of the regional markets in which it operates;
- The transaction enhances geographic and customer diversification of the Fund. Arctic Glacier currently operates in the Northeast, Central and Midwest regions of the United States, but does not have any operations in California;
- The transaction is immediately accretive for unitholders of the Fund, with opportunities in the short term to capture material rationalization savings at California Ice as well as integration synergies arising from the combination of the two businesses; and
- The increased size and scale of Arctic Glacier will create an enhanced acquisition platform and favourably position the Fund for further consolidation in the North American packaged ice industry.

Post-Acquisition Considerations

On a pro forma basis, for the year ended December 31, 2005, fully diluted distributable cash would have been $1.40 per unit, an increase of approximately 17% from $1.20 per unit for Arctic Glacier on a stand-alone basis prior to reflecting pro forma adjustments related to the acquisition. On a basic basis, Arctic Glacier's distributable cash would have increased approximately 30% to $1.56 per unit for the same period. The above accretion figures incorporate assumptions relating to the transaction and related financing, as well as foreign exchange rates prevailing at the time that positively impact the results. They are also prior to the synergies discussed below.

The transaction offers the potential to realize material synergies in the near term. With the six companies that form California Ice now being combined with Arctic Glacier, there are opportunities to achieve efficiencies and cost savings from rationalizing the existing California Ice business and centralizing certain administrative functions such as accounting and information technology. Arctic Glacier management believes that these synergies are readily achievable in the near term with modest associated expenses. In addition, synergies are expected from the integration of California Ice with Arctic Glacier's current operations. In aggregate, these rationalization savings at California Ice and integration synergies from the combination with Arctic Glacier are estimated to be approximately US$3 million annually once fully realized. Arctic Glacier management believes that the acquisition will deliver double-digit accretion to distributable cash per unit in the first full financial year.

Management of the Combined Enterprise

Key members of the senior management team of California Ice have agreed to remain with the business following the closing of the acquisition. These individuals have significant experience and a proven track record in the packaged ice business. Their continued involvement will facilitate the integration of the businesses, the realization of synergies and the growth of the California platform.

Following closing, California Ice will continue to be operated by its existing management as a division within Arctic Glacier. Post-acquisition, Mr. McMahon and Frank Larson, Senior Vice President, Operations will be responsible for the day-to-day operations of Arctic Glacier and the integration of California Ice, while Mr. Nagy will focus on overall strategy and the further growth of the business.

Arctic Glacier has a strong history of acquisition and integration. Since 1996, when the predecessor company to Arctic Glacier was formed, the business has acquired 55 packaged ice enterprises in Canada and the U.S.

Key Terms of the Transaction

Structurally, Arctic Glacier will effect the transaction through the indirect acquisition of 100% of the outstanding equity interests of each of Mountain Water Ice Company, Glacier Ice Company, Inc., Jack Frost Ice Service, Inc., Diamond Newport Corporation, South Bay Ice LLC and Glacier Valley Ice Company, L.P.. These acquisitions are anticipated to close in May 2006, except for Glacier Ice Company, Inc. and South Bay Ice LLC, which are anticipated to close in early August 2006.

The aggregate purchase price for the acquisition of California Ice will be approximately US$190 million, with US$148 million to be paid in cash upon the May closing, US$32 million to be paid in cash upon the August closing, and US$10 million deferred consideration to be paid on October 1, 2007.

Details of Financings

The Fund has entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc. and TD Securities Inc. for bought deal public offerings of:

- 4,673,000 Subscription Receipts at a price of $10.70 per Subscription Receipt, for gross proceeds of $50 million. The Subscription Receipts will be exchangeable on a one-for-one basis for units of the Fund upon the May closing.

- $100 million principal amount of Extendible Convertible Unsecured Subordinated Debentures with an initial maturity date of June 30, 2006, which is automatically extended to July 31, 2011 upon the May closing. The Convertible Debentures carry a coupon of 6.50% and are convertible, at the option of the holder, into units of the Fund at a price of $12.60 per unit.

The Subscription Receipts and the Convertible Debentures will be issued by way of a short form prospectus to be filed with securities regulatory authorities across Canada.

The remainder of the purchase price will be funded through committed credit facilities provided by The Toronto-Dominion Bank and The Bank of Nova Scotia.