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# ARCTIC GLACIER INCOME FUND

## Arctic Glacier Announces First Closing Of California Ice Acquisition

Winnipeg, May 25, 2006 – Arctic Glacier Income Fund (TSX: AG.UN) today announced its subsidiary, Arctic Glacier Inc., has completed the first closing of the previously announced US\$190 million acquisition of 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 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.

As announced on May 9, 2006, this first closing consists of four of the six companies that comprise California Ice (the “Initial Acquisition”), and represents the majority of the business. The closing for the remaining two companies (the “Subsequent Acquisition”) is expected to occur in early August 2006. Of the aggregate US\$190 million purchase price, US\$148 million has been paid in cash to complete the Initial Acquisition. In August 2006, US\$32 million is to be paid in cash upon the closing of the Subsequent Acquisition, and US\$10 million deferred consideration is to be paid on October 1, 2007.

“We are very excited to have completed this acquisition, which represents a major step in the growth of Arctic Glacier,” said Robert Nagy, President and CEO. “With the addition of the California Ice business, Arctic Glacier has significantly enhanced our platform in the growing U.S. market, where we are the second largest packaged ice company.”

“In the near term, we expect to achieve material rationalization savings at California Ice as well as integration synergies arising from the combination of the two businesses,” added Keith McMahon, Executive Vice President and CFO. “We have an integration team in place to begin the process of bringing the businesses together.”

A portion of the cash component for the closing of the Initial Acquisition of California Ice was funded from the proceeds of the public offering of 4,673,000 subscription receipts closed by Arctic Glacier Income Fund earlier today. Pursuant to their terms, these subscription receipts were converted into 4,673,000 trust units of the Fund through the facilities of CDS concurrently with the closing of the Initial Acquisition and the transfer register for the subscription receipts has been closed. As such, the subscription receipts will be de-listed from the Toronto Stock Exchange, and the trust

units issued pursuant to the subscription receipts will be available for trading on the Toronto Stock Exchange, commencing at the opening of trading on May 26, 2006. Certificates representing the trust units issued pursuant to the subscription receipts will be available for delivery commencing on May 26, 2006. As a result of the issuance of the trust units of the Fund pursuant to the subscription receipts, there are now approximately 32.5 million trust units of the Fund issued and outstanding.

Further, a portion of the cash component for the closing of the Initial Acquisition of California Ice was funded from the proceeds of the public offering of \$100 million aggregate principal amount of 6.50% extendible convertible unsecured subordinated debentures (the "Debentures") closed by the Fund earlier today. As a result of the closing of the Initial Acquisition and pursuant to the terms of the Debentures, the maturity date of the Debentures has been extended to July 31, 2011. The Debentures are listed on the Toronto Stock Exchange under the trading symbol AG.DB

*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 33 production plants and 43 distribution facilities across Canada and the central, midwest, northeastern and west coast United States, servicing more than 62,000 retail accounts.*

*Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN.*

### **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.

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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.

Toll free investor relations: 1-888-573-9237 or logon at [www.arcticglacierinc.com](http://www.arcticglacierinc.com)