

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re	:	Chapter 15
	:	
ARCTIC GLACIER INTERNATIONAL INC., <i>et al.</i> , ¹	:	Case No. 12-10605 (KG)
	:	
Debtors in a Foreign Proceeding.	:	(Jointly Administered)
	:	

NOTICE OF FILING OF SECOND REPORT OF THE MONITOR

PLEASE TAKE NOTICE that Alvarez & Marsal Canada Inc., in its capacity as the court-appointed monitor and authorized foreign representative (the “Monitor”) of the above-captioned debtors (collectively, the “Debtors”), in a proceeding under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, pending before the Court of Queen’s Bench Winnipeg Centre, hereby files the Second Report of the Monitor, dated March 30, 2012 (the “Second Monitor’s Report”). A copy of the Second Monitor’s Report is annexed hereto as Exhibit A.

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¹ The last four digits of the United States Tax Identification Number or Canadian Business Number, as applicable, follow in parentheses: (i) Arctic Glacier California Inc. (7645); (ii) Arctic Glacier Grayling Inc. (0976); (iii) Arctic Glacier Inc. (4125); (iv) Arctic Glacier Income Fund (4736); (v) Arctic Glacier International Inc. (9353); (vi) Arctic Glacier Lansing Inc. (1769); (vii) Arctic Glacier Michigan Inc. (0975); (viii) Arctic Glacier Minnesota Inc. (2310); (ix) Arctic Glacier Nebraska Inc. (7790); (x) Arctic Glacier New York Inc. (2468); (xi) Arctic Glacier Newburgh Inc. (7431); (xii) Arctic Glacier Oregon, Inc. (4484); (xiii) Arctic Glacier Party Time Inc. (0977); (xiv) Arctic Glacier Pennsylvania Inc. (9475); (xv) Arctic Glacier Rochester Inc. (6989); (xvi) Arctic Glacier Services Inc. (6657); (xvii) Arctic Glacier Texas Inc. (3251); (xviii) Arctic Glacier Vernon Inc. (3211); (xix) Arctic Glacier Wisconsin Inc. (5835); (xx) Diamond Ice Cube Company Inc. (7146); (xxi) Diamond Newport Corporation (4811); (xxii) Glacier Ice Company, Inc. (4320); (xxiii) Ice Perfection Systems Inc. (7093); (xxiv) ICESurance Inc. (0849); (xxv) Jack Frost Ice Service, Inc. (7210); (xxvi) Knowlton Enterprises Inc. (8701); (xxvii) Mountain Water Ice Company (2777); (xxviii) R&K Trucking, Inc. (6931); (xxix) Winkler Lucas Ice and Fuel Company (0049); (xxx) Wonderland Ice, Inc. (8662). The Debtors’ executive headquarters is located at 625 Henry Avenue, Winnipeg, Manitoba, R3A 0V1, Canada.



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PLEASE TAKE FURTHER NOTICE that additional copies of the Second Monitor's Report are available: (a) by accessing the Court's internet website at <https://ecf.deb.uscourts.gov> (a login and password to the Court's Public Access to Court Electronic Records ("PACER") are required to access this information and can be obtained through the PACER Service Center at <http://www.pacer.psc.uscourts.gov>); (b) from the Monitor's website at <http://www.alvarezandmarsal.com/arcticglacier> or <http://www.kccllc.net/ArcticGlacier>; or (c) upon written request to the Monitor's counsel (by email or facsimile) addressed to: Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Melissa Romano, email, mromano@ycst.com, or facsimile, 302-576-3450).

Dated: Wilmington, Delaware
April 4, 2012

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EXHIBIT A

Second Monitor's Report

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
ARCTIC GLACIER INCOME FUND, ARCTIC GLACIER INC.,
ARCTIC GLACIER INTERNATIONAL INC. AND THE ADDITIONAL
APPLICANTS LISTED ON SCHEDULE "A" HERETO
(COLLECTIVELY, "THE APPLICANTS")**

**SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.
MARCH 30, 2012**

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1.0 INTRODUCTION

- 1.1 Pursuant to an order of The Court of Queen's Bench (Winnipeg Centre) (the "**Court**") dated February 22, 2012 (the "**Initial Order**"), Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as Monitor (the "**Monitor**") in respect of an application filed by Arctic Glacier Income Fund ("**AGIF**"), Arctic Glacier Inc. ("**AGI**"), Arctic Glacier International Inc. ("**AGII**") and those entities listed on Appendix "**A**" (the "**Additional Applicants**"), (collectively, the "**Applicants**") seeking certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced by the Applicants under the Initial Order are referred to herein as the "**CCAA Proceedings**".
- 1.2 In connection with the Applicants' application for protection under the CCAA, A&M provided this Honourable Court with a pre-filing report (the "**Pre-Filing Report**") dated February 21, 2012 in its capacity as the proposed monitor.
- 1.3 The Initial Order, among other things:
- a) Granted a stay of proceedings (the "**Stay**") until March 23, 2012 as against the Applicants as well as against Glacier Valley Ice Company, L.P. ("**Arctic LP**"), a U.S. based limited partnership whose general partner is the Additional Applicant Mountain Water Ice Company. Arctic LP and the Applicants are collectively referred to herein as "**Arctic Glacier**", or the "**Company**";
 - b) Authorized and directed the Company to immediately commence a Sale and Investor Solicitation Process (the "**SISP**") for the purpose of offering the opportunity for potential investors to purchase or invest in the business and

operations of Arctic Glacier as a going concern, or to sponsor a plan of compromise or arrangement. A summary of the SISP was included in the Pre-Filing Report;

- c) Approved the engagement of the Financial Advisor and the appointment of the Chief Process Supervisor (“CPS”);
- d) Entitled the Company (subject to the terms of and availability under the Commitment Letter and Definitive Documents) to pay reasonable expenses, including paying for goods or services supplied to the Company prior to the date of the Initial Order, with the consent of the Monitor, and goods or services supplied to the Company following the date of the Initial Order;
- e) Authorized and directed the Company to enter into and borrow under the DIP Facility provided by the DIP Lenders, provided that borrowings under the DIP Facility shall not exceed a combined total of CDN\$26 million and US\$24 million unless permitted by further order of this Honourable Court; and
- f) Directed the Monitor, as a foreign representative of the Applicants, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 (“**Chapter 15**”) of the United States Bankruptcy Code, 11 U.S.C. Sec. 101-1330, as amended (the “**Bankruptcy Code**”).

1.4 The Monitor filed its First Report to Court dated March 12, 2012 (the “**First Report**”) in support of the Applicants’ motion (the “**First Stay Extension Motion**”) for an Order::

- a) Extending the Stay until April 5, 2012; and

- b) Approving the Pre-Filing Report and the First Report and the Monitor's activities described therein.
- 1.5 On March 15, 2012, this Honourable Court issued the Order sought in the First Stay Extension Motion.
- 1.6 The purpose of this report (the "**Second Report**") is to provide information to this Honourable Court regarding the following:
- a) the status of the Chapter 15 Proceedings;
 - b) the status of the SISP;
 - c) the activities of the Monitor from the date of the First Report (March 12, 2012) to the date of this Second Report;
 - d) the actual receipts and disbursements of Arctic Glacier for the four-week period ended March 16, 2012 compared to the Cash Flow Forecast previously filed as part of the Pre-Filing Report (the "**CCAA Cash Flow Forecast**");
 - e) the updated cash flow forecast for the fifteen-week period ending June 29, 2012 (the "**Updated Cash Flow Forecast**"); and
 - f) the Monitor's recommendations in respect of the Applicants' motion (the "**Second Stay Extension Motion**") seeking an extension of the Stay until June 15, 2012.
- 1.7 Further information regarding these proceedings can be found on the Monitor's website at <http://www.alvarezandmarsal.com/arcticglacier>.

2.0 TERMS OF REFERENCE

- 2.1 In preparing this Second Report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made, by certain senior management of Arctic Glacier (“**Senior Management**”). Although this information has been subject to review, A&M has not conducted an audit or otherwise attempted to verify the accuracy or completeness of any of the information of the Applicants. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on or relating to the accuracy of any information contained in this Second Report, or otherwise used to prepare this Second Report.
- 2.2 Certain of the information referred to in this Second Report consists of financial forecasts and/or projections or refers to financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by the Canadian Institute of Chartered Accountants, has not been performed. Future oriented financial information referred to in this Second Report was prepared based on estimates and assumptions provided by Senior Management. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.
- 2.3 The information contained in this Second Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Applicants.
- 2.4 Capitalized terms not otherwise defined in this Second Report are as defined in the Initial Order, the Pre-Filing Report and the First Report.

2.5 Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in United States dollars, which is the Company's common reporting currency.

3.0 BACKGROUND

3.1 As described in the affidavit of Keith McMahon sworn February 21, 2012 (the "**Initial McMahon Affidavit**") and the Pre-Filing Report, the Applicants are part of a consolidated North American business which manufactures and distributes premium quality packaged ice products in Canada and the United States from 39 production plants and 47 distribution facilities across 6 provinces in Canada and 23 states in the United States (collectively, the "**Business**").

3.2 Further background information regarding the Business and affairs of the Applicants, including the causes of their financial difficulties and insolvency, the Strategic Review Process conducted in 2011, litigation and other matters, are set out in the Initial McMahon Affidavit and the Pre-Filing Report.

3.3 Further information regarding the Company's request for a Stay extension in the Second Stay Extension Motion can be found in the Affidavit of Keith McMahon dated March 28, 2012.

4.0 CHAPTER 15 PROCEEDINGS

4.1 As set out in the First Report, pursuant to the Initial Order, on February 22, 2012, the Monitor filed (a) petitions for relief for all of the Applicants under Chapter 15 and (b) the *Verified Petition of Alvarez & Marsal Canada Inc. as Foreign Representative of Arctic Glacier Inc. and Certain of its Affiliates for (i) Recognition of the CCAA Proceedings as a Foreign Main Proceeding, and (ii) Certain Related Relief* (collectively, the

“**Chapter 15 Petitions**”). The Chapter 15 Petitions were filed with the United States Bankruptcy Court for the District of Delaware (the “**US Court**”). The proceedings initiated by the Chapter 15 Petitions are referred to herein as the “**Chapter 15 Proceedings**”.

- 4.2 On February 23, 2012, the US Court entered the *Order Granting Provisional Relief* (the “**Provisional Relief Order**”) in the Chapter 15 Proceedings. The Provisional Relief Order, among other things, provided that the Initial Order shall be given full force and effect in the United States on a provisional basis and operated as a provisional stay of any execution against the assets of Arctic Glacier located in the United States. The relief granted in the Provisional Relief Order remained in effect pending the Recognition Hearing (as defined below).
- 4.3 On March 16, 2012, a hearing was held before the Honourable Kevin Gross to consider approval of the Chapter 15 Petitions and whether to grant the relief requested therein on a final basis (the “**Recognition Hearing**”). At the Recognition Hearing, Judge Gross considered the Objection to recognition and the Motion to rescind the DIP Facility filed by the IP Plaintiffs and described in the First Report. The US Court overruled the Objection based on both lack of standing and lack of merit and also denied the relief requested in the Motion. The US Court also specifically found, despite the IP Plaintiffs’ argument to the contrary, that the Monitor and the Applicants are operating and proceeding in full candor and with good faith.
- 4.4 After the Recognition Hearing, the US Court issued an order (the “**Recognition Order**”) that provided, among other things, the following: (i) that Canada is the center of main interests of each of the Applicants; (ii) that the Monitor is the duly appointed “foreign

representative” of the Applicants; (iii) that the CCAA Proceedings are recognized as a foreign main proceeding; (iv) that the Initial Order, including any extensions, amendments or modifications thereto, is enforced on a final basis and given full force and effect in the United States; (v) that the borrowings under the DIP Facility are authorized and that the DIP Lenders are granted certain protections under the Bankruptcy Code; and (vi) a stay of proceedings against the assets of the Company in the United States is granted. A copy of the Recognition Order is attached as **Appendix “B”** to this Second Report.

4.5 On March 23, 2012, the IP Plaintiffs filed a Notice of Appeal from the Recognition Order to the United States District Court for the District of Delaware. The IP Plaintiffs did not specify any grounds for the appeal in the Notice of Appeal. Based on the Monitor’s review of (i) the Objection and the Motion, (ii) the responding materials filed prior to the Recognition Hearing by the Monitor, the Applicants and the secured Lenders, and (iii) the findings made by Judge Gross at the Recognition Hearing, the Monitor considers the Notice of Appeal to be without merit.

4.6 The Notice of Appeal may affect the Company’s ability to access Stage 2 Availability under the DIP Facility. The Company, the DIP Lenders and the Monitor are continuing to discuss the implications, if any, on the ability of the Company to have continued access to the DIP Facility. Irrespective of the filing of the Notice of Appeal, the DIP Lenders are currently continuing to fund advances requested by the Company under the DIP Facility.

5.0 UPDATE REGARDING THE SALE AND INVESTOR SOLICITATION PROCESS

5.1 The Monitor provided an overview of the SISP to this Honourable Court in its Pre-Filing Report. In its First Report, the Monitor provided details of its activities in connection with the SISP to the date of the First Report.

5.2 Since the filing of the First Report, the Monitor has continued to work with the Company, TDSI and the CPS in implementing the SISP. The Monitor's primary activities have included the following:

- Working closely with the Company and its advisors in the negotiation of non-disclosure agreements with prospective bidders;
- Reviewing the contents of the first round data room, and reviewing the materials for inclusion in the second round data room, which TDSI is continuing to prepare in anticipation of Phase II of the SISP on the basis that one or more LOIs (as defined below) received will be determined to be Qualified LOIs (as that term is defined in the SISP) (“Phase II”);
- Reviewing the draft management presentation prepared by the Company with the assistance of TDSI, and assisting the Company with its preparation for delivering the management presentation to prospective bidders in Phase II; and
- Reviewing and providing comments on the standard form asset purchase agreement to be distributed to participants in Phase II.

5.3 Pursuant to the SISP, the deadline for the submission of non-binding letters of intent (“LOIs”) to TDSI was 5:00 pm (central time) on March 28, 2012. A number of LOIs were submitted. These LOI's are being evaluated in accordance with the SISP, and the

Monitor, in consultation with the Financial Advisor, the CPS and Arctic, will be making a recommendation to the Special Committee as to whether the SISP should proceed to Phase II.

- 5.4 The Monitor continues to be satisfied that the SISP is being managed in accordance with its terms and that parties have been provided a reasonable opportunity to participate in the sale process. The Monitor will continue to supervise the SISP in accordance with the Initial Order and will provide this Honourable Court with further information on the progress of the SISP.

6.0 STATUS OF THE US DIRECT PURCHASER ANTITRUST SETTLEMENT CLAIMANTS

- 6.1 As described in the First Report, the Monitor was contacted by counsel for the US Direct Purchaser Antitrust Settlement Class (the “**Direct Purchaser Plaintiffs**”) concerning their clients’ participation in the CCAA Proceedings. Paragraph 105(a) of the Initial McMahon Affidavit describes the settlement reached in the United States litigation with the direct purchasers. In particular, the Initial McMahon Affidavit states:

- a) On March 30, 2011, without admitting liability, the Arctic Glacier defendants (AGIF, AGI and AGII) reached an agreement to settle the direct purchaser class actions by payment of \$12.5 million;
- b) The first installment in the amount of \$2.5 million was paid on August 4, 2011, with the balance of \$10 million to be paid after final court approval of the settlement; and
- c) The settlement received court approval on December 13, 2011 and the final payment of \$10 million is due on April 2, 2012.

6.2 The Updated Cash Flow Forecast does not provide for the payment of the \$10 million due on April 2, 2012.

6.3 Since the date of the First Report, the Company and the Monitor have received several information requests from counsel and the financial advisor for the Direct Purchaser Plaintiffs. In light of those requests, the Monitor and its counsel met with counsel and the financial advisor for the Direct Purchaser Plaintiffs. The Monitor was informed by the representatives for the Direct Purchaser Plaintiffs that their clients had concerns about the nature and the manner in which the settlement discussions took place prior to the insolvency proceedings. Since that meeting, the Company has provided, with input from the Monitor, counsel to the Direct Purchaser Plaintiffs with certain of the requested information to supplement the information provided in previous discussions that had taken place.

7.0 ACTIVITIES OF THE MONITOR

7.1 In addition to the Monitor's supervision of the SISP and activities with respect to the Chapter 15 Proceedings, the activities of the Monitor from the date of the First Report include the following:

- Attending the Company's premises on a daily basis on weekdays;
- Monitoring the receipts, disbursements and purchase commitments of the Applicants, including tracking on a weekly basis, the outstanding balances and major commitments due to critical suppliers identified in the Initial Order;

- Assisting Senior Management in the Company's weekly financial reporting requirements to the DIP Lenders and assisting the Company in meeting its other obligations under the DIP Facility;
- Reviewing the Company's weekly DIP draw requests;
- Continuing a review of transactions entered into by the Company prior to the CCAA Proceedings, as required by the CCAA;
- Assisting Senior Management with communications with customers, suppliers, landlords and other parties;
- Making non-confidential materials filed with this Honourable Court and with the U.S. Court to date publically available on the website established by the Monitor for the CCAA Proceedings; and
- Responding to enquiries from various other stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll free number established by the Monitor.

8.0 RECEIPTS AND DISBURSEMENTS FOR THE FOUR-WEEK PERIOD ENDED MARCH 16, 2012

- 8.1 The consolidated receipts and disbursements of Arctic Glacier for the four-week period ended March 16, 2012 as compared to the CCAA Cash Flow Forecast are summarized below:

Arctic Glacier			
Schedule of Consolidated Receipts and Disbursements as Compared to the CCAA Cash Flow Forecast			
For the Period February 18, 2012 to March 16, 2012			
Unaudited, (US\$000's)			
	Actual	Forecast	Variance
Forecast Cash Inflow			
Customer collections	7,619	5,534	2,085
Forecast Total Receipts	7,619	5,534	2,085
Forecast Cash Outflow			
Supplier payments, vehicle, occupancy, selling and general	6,376	14,689	8,313
Payroll and benefits	4,191	4,887	696
Insurance	1,022	1,589	567
Capital expenditures	673	2,641	1,968
Interest and financing fees	1,272	1,293	21
Professional fees	3,376	7,370	3,994
Total Forecast Outflow	16,910	32,469	15,559
Net Cash Flow, prior to DIP Financing	(9,291)	(26,935)	17,644
DIP financing - advances	6,034	25,000	(18,966)
Net Cash Flow	(3,257)	(1,935)	(1,322)
Cash, beginning of period (February 18, 2012)	8,629	6,525	2,104
Cash, end of period (March 16, 2012)	5,372	4,590	782
Permitted DIP Financing Cumulative Draw	27,000	27,000	-
DIP financing cumulative draw	6,034	25,000	(18,966)
Net DIP Financing Availability	20,966	2,000	18,966
Note 1 Readers are cautioned to read the Terms of Reference as set out previously in this report for information regarding the preparation of the Cash Flow Forecast.			

8.2 During the four-week period ended March 16, 2012 (the “Reporting Period”), the Company’s actual receipts were approximately \$2.1 million greater than forecast in the CCAA Cash Flow Forecast (approximately CDN\$1.0 million and US\$1.1 million). Management attributes this variance primarily to a combination of greater than budgeted sales in January and February, 2012 in the Company’s California, Midwest U.S. and Northeast U.S. markets, and certain assumptions related to forecast collections that did not materialize during the Reporting Period. Management expects, however, that the majority of the variance could reverse in the coming weeks.

- 8.3 The Company's total disbursements for the Reporting Period were approximately \$15.5 million less than those anticipated in the CCAA Cash Flow Forecast (approximately CDN\$7.0 million and US\$8.5 million). Of this variance, approximately \$10.1 million relates to underlying cash flow assumptions for operating costs which could still potentially materialize, and approximately \$4.0 million relates to professional fees, which to a large degree, is considered to likely be a timing variance.
- 8.4 The Closing cash balance of Arctic Glacier as at March 16, 2012 was approximately \$5.4 million (approximately \$3.7 million in Canada and \$1.7 million in the U.S.). Draws on the DIP Facility to March 16, 2012 are \$6.0 million (approximately CDN\$5.5 million and US\$0.5 million).
- 8.5 Overall, during the four-week period ended March 16, 2012, Arctic Glacier experienced a positive net cash flow variance of approximately \$17.6 million, relative to the CCAA Cash Flow Forecast. Arctic Glacier's availability under the DIP Facility as at March 16, 2012 was approximately \$21.0 million, which is approximately \$19.0 million greater than forecast.
- 8.6 Paragraph 5 of the Initial Order authorizes the Applicants to continue to utilize their existing cash management practices or similar practices as may be required to facilitate the terms of the DIP Facility. Senior Management has advised the Monitor that Arctic Glacier's cash management system continues to operate in the same manner as it had prior to the commencement of these proceedings.

9.0 UPDATED CASH FLOW FORECAST FOR THE FIFTEEN-WEEK PERIOD ENDING JUNE 29, 2012

9.1 The Applicants, with the assistance of the Monitor, have prepared the Updated Cash Flow Forecast for the fifteen-week period March 17 to June 29, 2012 (the “**New Cash Flow Period**”).

9.2 A copy of the Updated Cash Flow Forecast is attached to this report as **Appendix “C”**. For reference purposes, the Updated Cash Flow Forecast also includes the Canadian and U.S. regional cash flow forecasts which form the consolidated Updated Cash Flow Forecast.

9.3 A summary of the Updated Cash Flow Forecast for the fifteen-week period ending June 29, 2012 is set out in the table below, and extends for two weeks beyond the requested Stay extension date.

Arctic Glacier			
Unaudited Summary of Forecast Cash Flow (Note 1)			
For the 15-Week Period Ending June 29, 2012			
(US\$000's)			
	AG Companies (Consolidated)	Canadian Applicants	U.S. Applicants
Forecast Cash Inflow			
Customer collections	48,780	8,888	39,892
Forecast Total Receipts	48,780	8,888	39,892
Forecast Cash Outflow			
Supplier payments, vehicle, occupancy, selling and general	41,535	9,144	32,391
Payroll and benefits, including KERP	23,570	7,969	15,601
Insurance	2,248	-	2,248
Capital expenditures	6,227	-	6,227
Interest and financing fees	2,122	923	1,199
Professional fees	12,379	12,379	-
Total Forecast Outflow	88,081	30,415	57,666
Net Cash Flow, prior to DIP Financing	(39,301)	(21,527)	(17,774)
DIP financing - advances	36,000	15,000	21,000
Intercompany transfer	-	3,500	(3,500)
Net Cash Flow	(3,301)	(3,027)	(274)
Cash, beginning of period (March 17, 2012)	5,372	3,654	1,718
Cash, end of period (June 29, 2012)	2,071	627	1,444
DIP financing - cumulative draw (June 29, 2012)	42,000	20,520	21,480
Note 1 Readers are cautioned to read the Terms of Reference as set out previously in this report for information regarding the preparation of the Cash Flow Forecast.			

9.4 The Monitor notes the following with respect to the Updated Cash Flow Forecast ending June 29, 2012:

- a) The Applicants have consolidated cash resources of approximately \$5.4 million at the commencement of the New Cash Flow Period, March 17, 2012. As previously reported, Senior Management has advised that the Company generally requires minimum cash reserves on hand of \$2 million to \$3 million in order to manage the payment cycle of the Business, including timing differences that can

occur in customer receipts, and the funding of major disbursement items such as payroll, occupancy and other costs.

- b) Over the course of the New Cash Flow Period, the Applicants forecast a net cash outflow, prior to any DIP financing of approximately \$39.3 million, comprised of the following by geographic region:

Canada – \$21.5 million

U.S. – \$17.8 million

- c) The Updated Cash Flow Forecast reflects additional advances under the DIP Facility of \$36.0 million during the New Cash Flow Period, of which \$15.0 million is expected to be drawn by the Canadian Applicants, and \$21.0 million by the U.S. Applicants.
- d) Total advances under the DIP Facility by the end of the New Cash Flow Period are forecast to be \$42 million, \$20.5 million of which is forecast to be drawn by the Canadian Applicants and \$21.5 million of which is forecast to be drawn by the U.S. Applicants.
- e) The Updated Cash Flow Forecast includes the continued payment of debt service costs on the debt owing under the First Lien Credit Agreement.
- f) Senior Management expects to fund the cash flow requirements of the Business with forecast cash resources and drawdowns under the DIP Facility.

10.0 THE MONITOR'S RECOMMENDATIONS

- 10.1 The Applicants have requested an extension of the Stay to June 15, 2012. The Monitor agrees that an extension until that date is appropriate, as it is subsequent to the anticipated completion of Phase II of the SISP. In light of the timeframes contemplated by the SISP

and the progress made to date, the Monitor believes that June 15 is a reasonable date by which the Applicants will need to return to this Honourable Court. The Updated Cash Flow Forecast prepared by the Applicants demonstrates that, subject to the DIP Lenders providing access to Stage 2 Availability under the DIP Facility, the Applicants are projected to have sufficient liquidity to continue operations during the proposed extension of the Stay period. The Applicants are working with due diligence and in good faith to achieve an expeditious restructuring or recapitalization of their business. Accordingly, the Monitor recommends that this Honourable Court grant the Stay extension requested by the Applicants.

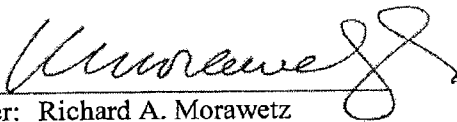
11.0 RELIEF SOUGHT

11.1 The Monitor hereby respectfully recommends that this Honourable Court grant the following relief:

- An order approving this Second Report, as well as the actions and activities of the Monitor detailed herein; and
- An order granting an extension of the Stay to June 15, 2012.

All of which is respectfully submitted to this Honourable Court this 30th day of March, 2012.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of Arctic Glacier Income Fund,
Arctic Glacier Inc., Arctic Glacier International Inc. and
the other Applicants listed on Appendix "A".**


Per: Richard A. Morawetz
Senior Vice President

List of Applicants

Arctic Glacier California Inc.
Arctic Glacier Grayling Inc.
Arctic Glacier Lansing Inc.
Arctic Glacier Michigan Inc.
Arctic Glacier Minnesota Inc.
Arctic Glacier Nebraska Inc.
Arctic Glacier Newburgh Inc.
Arctic Glacier New York Inc.
Arctic Glacier Oregon Inc.
Arctic Glacier Party Time Inc.
Arctic Glacier Pennsylvania Inc.
Arctic Glacier Rochester Inc.
Arctic Glacier Services Inc.
Arctic Glacier Texas Inc.
Arctic Glacier Vernon Inc.
Arctic Glacier Wisconsin Inc.
Diamond Ice Cube Company Inc.
Diamond Newport Corporation
Glacier Ice Company, Inc.
Ice Perfection Systems Inc.
ICEurance Inc.
Jack Frost Ice Service, Inc.
Knowlton Enterprises, Inc.
Mountain Water Ice Company
R&K Trucking, Inc.
Winkler Lucas Ice and Fuel Company
Wonderland Ice, Inc.

Appendix “B”

ORIGINAL

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re	:	Chapter 15
ARCTIC GLACIER INTERNATIONAL INC.,	:	Case No. 12-10605 (KG)
<i>et al.</i> , ¹	:	(Jointly Administered)
Debtors in a Foreign Proceeding.	:	Ref. Docket No. <u>7</u>

**ORDER GRANTING RECOGNITION OF
FOREIGN MAIN PROCEEDING AND CERTAIN RELATED RELIEF**

This matter coming before the Court on the chapter 15 petition and the Verified Petition of Alvarez & Marsal Canada Inc., as Foreign Representative of Arctic Glacier Inc. and Certain of Its Affiliates, for (I) Recognition of Foreign Main Proceeding and (II) Certain Related Relief (collectively, the "Petition")² of petitioner, Alvarez & Marsal Canada Inc., the duly authorized foreign representative (the "Foreign Representative") of Arctic Glacier Inc., Arctic Glacier Income Fund ("AGIF") and certain of their direct and indirect subsidiaries (collectively, the "Debtors"), in the proceeding (the "Canadian Proceeding") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number, as applicable, follow in parentheses: (i) Arctic Glacier California Inc. (7645); (ii) Arctic Glacier Grayling Inc. (0976); (iii) Arctic Glacier Inc. (4125); (iv) Arctic Glacier Income Fund (4736); (v) Arctic Glacier International Inc. (9353); (vi) Arctic Glacier Lansing Inc. (1769); (vii) Arctic Glacier Michigan Inc. (0975); (viii) Arctic Glacier Minnesota Inc. (2310); (ix) Arctic Glacier Nebraska Inc. (7790); (x) Arctic Glacier New York Inc. (2468); (xi) Arctic Glacier Newburgh Inc. (7431); (xii) Arctic Glacier Oregon, Inc. (4484); (xiii) Arctic Glacier Party Time Inc. (0977); (xiv) Arctic Glacier Pennsylvania Inc. (9475); (xv) Arctic Glacier Rochester Inc. (6989); (xvi) Arctic Glacier Services Inc. (6657); (xvii) Arctic Glacier Texas Inc. (3251); (xviii) Arctic Glacier Vernon Inc. (3211); (xix) Arctic Glacier Wisconsin Inc. (5835); (xx) Diamond Ice Cube Company Inc. (7146); (xxi) Diamond Newport Corporation (4811); (xxii) Glacier Ice Company, Inc. (4320); (xxiii) Ice Perfection Systems Inc. (7093); (xxiv) ICESurance Inc. (0849); (xxv) Jack Frost Ice Service, Inc. (7210); (xxvi) Knowlton Enterprises Inc. (8701); (xxvii) Mountain Water Ice Company (2777); (xxviii) R&K Trucking, Inc. (6931); (xxix) Winkler Lucas Ice and Fuel Company (0049); (xxx) Wonderland Ice, Inc. (8662). The Debtors' executive headquarters is located at 625 Henry Avenue, Winnipeg, Manitoba, R3A 0V1, Canada.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Petition.

pending before the Court of Queen's Bench Winnipeg Centre (the "Canadian Court"); and the Court having reviewed the Petition and the Reynolds Declaration, and having considered the statements of counsel with respect to the Petition at a hearing before the Court (the "Hearing"); and appropriate and timely notice of the filing of the Petition and the Hearing having been given; and no other or further notice being necessary or required; and the Court having determined that the legal and factual bases set forth in the Petition, the Reynolds Declaration and all other pleadings and proceedings in this case establish just cause to grant the relief ordered herein, and after due deliberation therefore,

THE COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

C. The Foreign Representative is the duly appointed "foreign representative" of the Debtors within the meaning of section 101(24) of the Bankruptcy Code.

D. This chapter 15 case was properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

E. The Foreign Representative has satisfied the requirements of section 1515 of the Bankruptcy Code and Rule 2002(q) of the Federal Rules of Bankruptcy Procedure.

F. The Canadian Proceeding is a “foreign proceeding” pursuant to section 101(23) of the Bankruptcy Code.

G. The Canadian Proceeding is entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

H. Canada is the center of main interests of each of the Debtors, and accordingly the Canadian Proceeding is a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code, and is entitled to recognition as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

I. The Foreign Representative has demonstrated that the borrowing under the DIP Facility authorized by the Initial Order and stay protection for the benefit of Glacier L.P. consistent with the Initial Order are necessary to preserve the value of the Debtors’ estates.

J. The Foreign Representative has demonstrated that the terms of the Commitment Letter that will govern the proposed DIP Facility, as approved in the Initial Order are fair and reasonable and were entered into in good faith by the Debtors and the DIP Lenders and that the DIP Lenders would not extend financing without the protection provided by section 364(e) of the Bankruptcy Code, as made applicable by section 1521(a)(7) of the Bankruptcy Code. The Foreign Representative has demonstrated the fact that the DIP Facility will be provided by the Debtors’ Prepetition Secured Lenders, who are familiar with the Business, should result in efficiencies in communications and reporting during the Canadian Proceedings and these Chapter 15 Cases. In light of the quantum of the Prepetition Lenders’ pre-filing debt and their position in the Debtors’ capital structure, the Foreign Representative has demonstrated that the terms of the Commitment Letter are reasonable under the circumstances.

K. The Foreign Representative has demonstrated that the incurrence of indebtedness authorized by the Initial Order is necessary to prevent irreparable harm to Arctic Glacier because, without such financing, Arctic Glacier will be unable to continue operations, which will significantly impair the value of Arctic Glacier's assets.

L. The Foreign Representative has demonstrated that unless the protections of section 362 of the Bankruptcy Code are applied to Glacier L.P., there is a material risk that one or more parties in interest will take action against Glacier L.P. or its assets, thereby interfering with the jurisdictional mandate of this court under chapter 15 of the Bankruptcy Code, causing harm to the Foreign Representative's efforts to administer the Debtors' estates pursuant to the Canadian Proceeding and undermining the Foreign Representative's efforts to conduct a sale and maximize the value of the Debtors' assets pursuant to the terms of the SISP. As a result, the Foreign Representative and the Debtors will suffer immediate and irreparable harm for which they will have no adequate remedy at law and therefore it is necessary that the Court grant the relief requested.

M. The Foreign Representative is entitled to all the automatic relief available pursuant to section 1520 of the Bankruptcy Code without limitation.

N. The Foreign Representative is further entitled to the discretionary relief expressly set forth in section 1521(a) and (b) of the Bankruptcy Code.

O. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to sections 1517, 1520 and 1521 of the Bankruptcy Code.

NOW, THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:

-
1. The Petition is granted.
 2. The Canadian Proceeding is granted recognition as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code.
 3. The Initial Order, including any extensions, amendments or modifications thereto, is hereby enforced on a final basis and given full force and effect in the United States.
 4. All relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to the Canadian Proceeding.
 5. Sections 361 and 362 of the Bankruptcy Code shall hereby apply with respect to the Debtors and the property of the Debtors that is within the territorial jurisdiction of the United States.
 6. Subject to sections 1520 and 1521 of the Bankruptcy Code, the Canadian Proceeding and the Initial Order and the transactions consummated or to be consummated thereunder, including without limitation, the DIP Facility, including the DIP Charge, shall be granted comity and given full force and effect in the United States to the same extent that they are given effect in Canada, and each is binding on all creditors of the Debtors and any of their successor or assigns.
 7. Pursuant to sections 105 and 1521(a)(7) of the Bankruptcy Code, Glacier L.P. shall be entitled to protections and rights coextensive with the provisions of section 362 of the Bankruptcy Code, and this Order shall operate as a stay of any execution against Glacier L.P.'s assets within the territorial jurisdiction of the United States. Specifically, all persons and entities are hereby enjoined from (a) continuing any action or commencing any additional action involving Glacier L.P., its assets or the proceeds thereof, (b) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against Glacier

L.P. or its assets, (c) commencing or continuing any action to create, perfect or enforce any lien, setoff or other claim against Glacier L.P. or any of its property, or (d) managing or exercising control over Glacier L.P.'s assets located within the territorial jurisdiction of the United States except as expressly authorized by Glacier L.P. in writing.

8. Pursuant to section 1521(a)(6), all prior relief granted to the Debtors or the Foreign Representative by this Court pursuant to section 1519(a) of the Bankruptcy Code shall be extended and that certain Order Granting Provisional Relief shall remain in full force and effect, notwithstanding anything to the contrary contained therein.

9. All entities (as that term is defined in section 101(15) of the Bankruptcy Code), other than the Foreign Representative and its expressly authorized representatives and agents, are hereby enjoined from:

- a. execution against any of the Debtors' assets and any of the assets of Glacier L.P.;
- b. the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, arbitral, or other action or proceeding, or to recover a claim, which in either case is in any way related to, or would interfere with, the administration of the Debtors' estates in the Canadian Proceeding or the solicitation, implementation or consummation of the transactions contemplated by the Initial Order, including without limitation any and all unpaid judgments, settlements or otherwise against Arctic Glacier in the United States;
- c. taking or continuing any act to create, perfect or enforce a lien or other security interest, set-off or other claim against the Debtors, Glacier L.P. or any of their property;
- d. transferring, relinquishing or disposing of any property of the Debtors to any entity (as that term is defined in section 101(15) of the Bankruptcy Code) other than the Foreign Representative; and
- e. commencing or continuing an individual action or proceeding concerning the Debtors' or Glacier L.P.'s assets, rights, obligations or liabilities to the extent they have not been stayed under section 1520(a);

provided, however, in each case, such injunction shall be effective solely within the territorial jurisdiction of the United States.

10. Pursuant to the Initial Order, the Debtors are hereby authorized to borrow up to US\$24 million dollars and C\$26 million under and in accordance with the terms of the DIP Credit Agreement or Commitment Letter, as defined in the Initial Order. In addition, the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, security documents, guarantees and other documents (collectively, the “DIP Documents”) as are contemplated by the Commitment Letter or as may be reasonably requested by the DIP Lenders, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lenders under and pursuant to the DIP Credit Agreement including, but not limited to, the fees and expenses of the DIP Lenders’ Canadian and United States counsel, and other advisors, as and when the same become due and are to be performed, notwithstanding any other provision of this Order and without any further order of this Court.

11. As set forth in the Initial Order, the Debtors are not required to file, register, record, or otherwise perfect the DIP Charge, which shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any failure to file, register, record or perfect.

12. As set forth in the Initial Order, all Arctic Glacier U.S. Group entities shall provide AGIF and Arctic Glacier Canada a lien that is a super-priority, first-ranking charge, on account of any funds extended by AGIF and Arctic Glacier Canada to any Arctic Glacier U.S. Group entity after the commencement of the Canadian Proceeding (the “Intercompany Liens”).

The DIP Charge shall be further secured by the Intercompany Liens. The Debtors' Prepetition Secured Lenders have agreed to subordinate their prepetition liens to the Intercompany Liens.

13. Pursuant to section 364 of the Bankruptcy Code and subject to the priorities, terms and conditions of the Initial Order, to secure current and future amounts outstanding under the DIP Facility, the DIP Lenders are hereby granted the DIP Charge on all of Arctic Glacier's United States assets in the maximum amount of the obligations under the DIP Credit Agreement.

14. Any obligations incurred by the Debtors as a result of entering into or performing their obligations under the DIP Credit Agreement do not and will not constitute preferences, fraudulent conveyances or transfers, transfers at under value, oppressive conduct or other challengeable or voidable transactions under any applicable law.

15. The DIP Documents and the Commitment Letter have been negotiated in good faith and at arms' length between the Debtors and the DIP Lenders. Any financial accommodations made to the Debtors by the DIP Lender pursuant to the Initial Order and the DIP Documents shall be deemed to have been made by the DIP Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 105(a), 364(e), 1519(a)(3) and 1521(a)(7) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lenders, and the validity of the indebtedness, and the priority of the liens authorized by the Initial Order made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order on appeal or the entry of an order denying recognition of the Canadian Proceeding pursuant to section 1517 of the Bankruptcy Code.

16. No action, inaction or acquiescence by the DIP Lenders or the Prepetition Secured Lenders, including funding the Debtors' ongoing operations under this Order, shall be deemed to be or shall be considered as evidence of any alleged consent by the DIP Lenders or the Prepetition Secured Lenders to a charge against the collateral pursuant to sections 506(c), 552(b) or 105(a) of the Bankruptcy Code. The DIP Lenders and the Prepetition Secured Lenders shall not be subject in any way whatsoever to the equitable doctrine of "marshaling" or any similar doctrine with respect to the collateral.

17. Effective upon entry of this Order, no person or entity shall be entitled, directly or indirectly, whether by operation of sections 105, 506(c) or 552(b) of the Bankruptcy Code or otherwise, to direct the exercise of remedies or seek (whether by order of this Court or otherwise) to marshal or otherwise control the disposition of collateral or property after an Event of Default under the Commitment Letter, First Lien Credit Agreement or Second Lien Credit Agreement, or termination or breach under the Commitment Letter, the First Lien Credit Agreement, the Initial Order or this Order.

18. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, or (b) staying the exercise of any rights that are not subject to stay arising under section 362(a).

19. The Foreign Representative is hereby authorized to apply to this Court to examine witnesses, take evidence, seek production of documents, and deliver information concerning the assets, affairs, rights, obligations or liabilities of the Debtors, as such information is required in the Canadian Proceeding under the law of the United States.

20. The Foreign Representative, the Debtors and/or each of their successors, agents, representatives, advisors or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

21. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon entry; (b) neither the Foreign Representative nor the DIP Lenders are subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

22. A copy of this Order, conformed to be true and correct, shall be served, within three business days of entry of this Order, by facsimile, electronic mail or overnight express delivery, upon all persons or bodies authorized to administer foreign proceedings of the Debtors, all entities against whom provisional relief was granted under section 1519 of the Bankruptcy Code, all parties to litigation pending in the United States in which any of the Debtors were a party at the time of the filing of the Petition, the United States Trustee and such other entities as the Court may direct.

23. Such service shall be good and sufficient service and adequate notice for present purposes.

24. This Court shall retain jurisdiction with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for additional relief or any adversary

proceeding brought in and through this chapter 15 case; and (iii) any request by an entity for relief from the provisions of this Order, for cause shown.

Dated: March 16, 2012
Wilmington, Delaware



KEVIN GROSS
CHIEF UNITED STATES BANKRUPTCY JUDGE

Appendix "C"

Arctic Glacier
 CONSOLIDATED weekly cash flow forecast
 For the 15-week period ending June 29, 2012
 (Unaudited, in \$'000 USD)

	Week 1 23-Mar	Week 2 30-Mar	Week 3 6-Apr	Week 4 13-Apr	Week 5 20-Apr	Week 6 27-Apr	Week 7 4-May	Week 8 11-May	Week 9 18-May	Week 10 25-May	Week 11 1-Jun	Week 12 8-Jun	Week 13 15-Jun	Week 14 22-Jun	Week 15 29-Jun	15-week total
Receipts																
Customer collections	1,511	1,511	1,851	1,827	1,840	1,927	2,670	3,062	3,062	3,232	3,565	5,701	5,701	5,701	5,701	48,780
Total Receipts	1,511	1,511	1,851	1,827	1,840	1,927	2,670	3,062	3,062	3,232	3,565	5,701	5,701	5,701	5,701	48,780
Disbursements																
Supplier payments	424	532	709	700	625	554	877	939	884	806	624	816	472	665	556	10,184
Vehicle & fuel costs	575	608	708	1,068	1,128	1,218	641	1,335	1,635	1,226	830	1,017	1,142	904	521	15,258
Payroll and related payments	1,745	1,220	2,108	1,94	2,016	206	1,718	1,486	1,786	1,550	824	2,312	1,631	1,700	3,085	23,570
Facility costs & utilities	608	864	574	453	1,034	858	1,055	595	1,030	920	1,024	519	468	788	873	11,564
Insurance	-	1,038	-	-	-	-	1,038	-	-	-	171	-	-	-	-	2,248
Capital expenditures	287	267	368	367	367	367	416	438	483	438	447	497	487	497	487	6,227
Selling, general and administration	224	225	473	303	344	267	363	284	328	281	306	388	330	170	233	4,531
Professional fees	980	1,600	100	1,359	-	1,600	-	1,600	300	100	1,700	100	800	100	2,040	12,373
Total Disbursements	4,823	6,353	5,042	4,464	5,534	5,090	6,409	6,896	6,381	5,221	5,928	5,648	5,340	4,824	8,204	85,959
Net Cash Flow Before Debt Service Costs	(3,312)	(4,842)	(3,192)	(2,638)	(3,694)	(3,264)	(3,739)	(3,834)	(3,319)	(1,989)	(2,343)	53	360	877	(2,503)	(37,179)
Debt service costs (including DIP facility)	-	38	481	-	-	-	437	-	-	-	521	-	-	-	645	2,122
Net Cash Flow After Debt Service Costs	(3,312)	(4,880)	(3,672)	(2,638)	(3,694)	(3,264)	(4,176)	(3,834)	(3,319)	(1,989)	(2,865)	53	360	877	(3,148)	(39,300)
Opening Cash Balance	5,371	4,060	3,180	3,508	3,670	3,176	3,912	2,736	3,102	3,763	3,794	3,830	3,982	4,343	5,220	5,371
Net cash flow	(3,312)	(4,880)	(3,672)	(2,638)	(3,694)	(3,264)	(4,176)	(3,834)	(3,318)	(1,989)	(2,865)	53	360	877	(3,148)	(39,300)
DIP facility advances/(repayments), net	2,000	4,000	4,000	3,000	3,000	4,000	3,000	4,000	4,000	2,000	3,000	-	-	-	-	36,000
Ending Cash Balance	4,060	3,180	3,508	3,870	3,176	3,912	2,736	3,102	3,783	3,784	3,930	3,982	4,343	5,220	2,071	2,071
Permitted DIP facility cumulative draw	27,000	31,000	35,000	38,000	40,000	40,000	45,000	45,000	47,000	47,000	50,000	50,000	50,000	50,000	50,000	50,000
DIP facility cumulative draw	8,000	12,000	16,000	19,000	22,000	25,000	28,000	29,000	33,000	37,000	42,000	42,000	42,000	42,000	42,000	42,000
Net DIP facility availability	19,000	19,000	19,000	16,000	15,000	14,000	16,000	12,000	10,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

To be read in conjunction with attached Notes and Summary of Assumptions

Prepared by Management

Arctic Glacier
 UNITED STATES weekly cash flow forecast
 For the 15-week period ending June 28, 2012
 (Unaudited, in \$'000 USD)

	Week 1 25-Mar	Week 2 30-Mar	Week 3 6-Apr	Week 4 13-Apr	Week 5 20-Apr	Week 6 27-Apr	Week 7 4-May	Week 8 11-May	Week 9 18-May	Week 10 25-May	Week 11 1-Jun	Week 12 8-Jun	Week 13 15-Jun	Week 14 22-Jun	Week 15 29-Jun	15-week total
Receipts																
Customer collections	1,243	1,243	1,523	1,489	1,503	1,499	2,214	2,516	2,516	2,858	2,941	4,638	4,638	4,638	4,638	39,893
Total Receipts	1,243	1,243	1,523	1,489	1,503	1,489	2,214	2,516	2,516	2,858	2,941	4,638	4,638	4,638	4,638	39,893
Disbursements																
Supplier payments	355	428	395	573	542	408	722	762	744	644	430	696	377	457	426	8,018
Vehicle & fuel costs	473	394	472	942	953	1,008	792	1,119	1,453	985	587	785	1,060	729	637	32,400
Payroll and related payments	1,282	423	1,600	82	1,589	81	988	935	1,121	875	757	1,823	1,631	919	1,784	15,601
Facility costs & utilities	550	795	392	360	771	741	833	433	938	752	835	318	419	741	748	9,556
Insurance	-	1,038	-	-	-	-	1,038	-	-	-	171	-	-	-	-	2,248
Capital expenditures	267	287	369	387	387	387	418	438	438	438	447	497	497	487	497	6,227
Selling, general and administration	153	95	205	204	202	162	143	142	188	187	72	227	232	99	107	2,419
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	3,080	3,382	3,453	2,548	4,458	2,765	4,913	3,749	4,683	3,882	3,300	4,155	4,215	3,481	4,205	56,468
Net Cash Flow Before Debt Service Costs	(1,837)	(2,139)	(1,929)	(1,059)	(2,955)	(1,275)	(2,699)	(1,232)	(2,167)	(1,024)	(359)	483	423	1,158	433	(16,575)
Debt service costs (including DIP facility)	-	13	249	-	-	-	247	-	-	-	310	-	-	-	-	1,199
Net Cash Flow After Debt Service Costs	(1,837)	(2,161)	(2,178)	(1,059)	(2,955)	(1,275)	(2,946)	(1,232)	(2,167)	(1,224)	(669)	483	423	1,158	433	(17,774)
Operating Cash Balance	1,718	1,861	1,730	1,552	1,463	598	1,262	318	1,088	1,721	1,487	2,828	3,311	3,734	4,892	1,718
Net cash flow	(1,837)	(2,151)	(2,178)	(1,059)	(2,955)	(1,275)	(2,945)	(1,232)	(2,165)	(1,224)	(669)	483	423	1,158	52	(17,774)
Intercompany transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,500)
DIP facility advances/(repayments), net	2,000	2,000	2,000	1,000	2,000	2,000	2,000	2,000	3,000	1,000	2,000	-	-	-	-	21,000
Ending Cash Balance	1,881	1,730	1,562	1,493	538	1,262	318	1,088	1,721	1,487	2,828	3,311	3,734	4,892	1,444	1,444

To be read in conjunction with attached Notes and Summary of Assumptions

Prepared by Management

Arctia Glacier
CANADA weekly cash flow forecast
For the 15-week period ending June 26, 2012
(Unaudited, in \$'000 USD)

	Week 1 23-Mar	Week 2 30-Mar	Week 3 6-Apr	Week 4 13-Apr	Week 5 20-Apr	Week 6 27-Apr	Week 7 4-May	Week 8 11-May	Week 9 18-May	Week 10 25-May	Week 11 1-Jun	Week 12 8-Jun	Week 13 15-Jun	Week 14 22-Jun	Week 15 29-Jun	15-week total
Receipts																
Customer collections	268	268	327	337	337	337	450	544	544	575	644	1,002	1,062	1,062	1,062	8,888
Total Receipts	268	268	327	337	337	337	450	544	544	575	644	1,002	1,062	1,062	1,062	8,888
Disbursements																
Supplier payments	69	104	315	127	84	146	155	156	140	163	194	120	95	189	130	2,156
Vehicle & fuel costs	102	214	238	127	169	213	149	216	182	241	244	222	82	176	284	2,858
Payroll and related payments	483	796	477	113	417	145	750	660	645	674	67	889	-	781	1,291	7,959
Facility costs & utilities	59	128	192	93	263	117	223	162	91	68	188	201	49	47	127	2,008
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Selling, general and administration	71	129	268	98	142	105	220	152	140	94	235	181	58	71	126	2,112
Professional fees	980	1,600	100	1,959	-	1,800	-	1,800	300	100	1,700	100	800	100	2,040	12,379
Total Disbursements	1,743	2,871	1,590	1,916	1,076	2,326	1,497	2,947	1,498	1,340	2,628	1,493	1,125	1,343	3,959	29,492
Net Cash Flow Before Debt Service Costs	(1,475)	(2,704)	(1,263)	(1,579)	(739)	(1,989)	(1,041)	(2,403)	(954)	(765)	(1,984)	(491)	(62)	(281)	(2,897)	(20,604)
Debt service costs (including DIP facility)	-	25	232	-	-	-	180	-	-	-	211	-	-	-	-	923
Net Cash Flow After Debt Service Costs	(1,475)	(2,729)	(1,494)	(1,579)	(739)	(1,989)	(1,221)	(2,403)	(954)	(765)	(1,773)	(491)	(62)	(281)	(3,201)	(21,527)
Opening Cash Balance	3,654	2,178	1,450	1,955	2,377	2,858	2,650	2,410	2,016	2,062	2,297	1,102	671	609	328	3,654
Net cash flow	(1,475)	(2,729)	(1,494)	(1,579)	(739)	(1,989)	(1,221)	(2,403)	(954)	(765)	(1,773)	(490)	(62)	(281)	(3,201)	(21,527)
Intercompany transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500
DIP facility advances/(repayments), net	-	2,000	2,000	2,000	1,000	2,000	1,000	2,000	1,000	1,000	1,000	-	-	-	-	15,000
Ending Cash Balance	2,179	1,450	1,955	2,377	2,638	2,660	2,419	2,016	2,062	2,297	1,102	671	609	328	627	627

To be read in conjunction with attached Notes and Summary of Assumptions

Prepared by Management

Arctic Glacier

Weekly cash flow forecast

Notes and Summary of Assumptions

- Note 1** Customer collections are comprised of accounts receivable and forecast sales. Forecast sales volumes and related expenses are projected on the basis of 'normal' weather conditions in markets serviced by Arctic Glacier. Variations from 'normal' weather conditions may lead to material fluctuations in sales volumes and related expenses which could have a material impact on actual cash flows.
- Note 2** Supplier payments include disbursements for packaging, pallets and other related products.
- Note 3** Vehicle & fuel costs include disbursements for leases, rentals, fuel and repairs & maintenance. Fuel costs are forecast based on average fuel prices in Arctic Glacier's markets as at February 2012.
- Note 4** Payroll and related payments include salaries, wages, remittances, pension costs, accrued 2011 bonus payments and other benefits and amounts disbursed in accordance with the Key Employee Retention Plan.
- Note 5** Facility costs include lease payments, property taxes and repairs & maintenance. Utilities are incurred primarily in the production of ice.
- Note 6** Insurance includes vehicle, workers compensation, property & liability and directors & officers insurance.
- Note 7** Capital expenditures are forecast based on Arctic Glacier's existing capital plan and include disbursements for sustaining and growth expenditures.
- Note 8** Selling, general and administration disbursements relate to office costs and other disbursements.
- Note 9** Professional fees include recurring fees in connection with ongoing operations of the business as well as CCAA professional fees.
- Note 10** Debt service costs include commitment fees and interest on the First Lien Credit Agreement and the DIP Facility.
- Note 11** The Cash Flow Forecast does not provide for any litigation settlement payments, including the DOJ Settlement, settlements under the U.S. Civil Class Actions and the U.S. Direct Purchaser Settlement (as defined in the McMahon Affidavit) and a \$2.0 million obligation relating to a settlement made with certain Canadian direct purchasers (the "Canadian Direct Purchaser Settlement").
- Note 12** The Can\$/US\$ exchange rate is forecast at C\$1:US\$1 throughout the period.