

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.	:	

PLEASE TAKE NOTICE that Alvarez & Marsal Canada Inc., in its capacity as the court-appointed monitor and authorized foreign representative (the “Monitor”) for 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 *Fifth Report of the Monitor*, dated July 10, 2012 (the “Fifth Monitor’s Report”). A copy of the Fifth Monitor’s Report is annexed hereto as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that additional copies of the Fifth Monitor's Report are available: (a) by accessing the Court's internet website at <https://ecf.deb.uscourts.gov> (a login and a 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> (without cost); 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, e-mail, mromano@ycst.com or facsimile, 302-576-3450) (without cost).

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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Dated: July 13, 2012
Wilmington, Delaware

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EXHIBIT 1

Fifth 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")**

**FIFTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.
JULY 10, 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. was appointed as Monitor (the "**Monitor**") in respect of an application filed by Arctic Glacier Income Fund ("**AGIF**"), Arctic Glacier Inc., Arctic Glacier International Inc. and those entities listed on **Appendix "A"**, (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 The Monitor has previously filed four reports with this Honourable Court. Summaries of the Monitor's first through third reports are provided in the Monitor's Fourth Report to Court dated June 15, 2012 (the "**Fourth Report**") which is attached without appendices as **Appendix "B"**.
- 1.3 The Applicants' motion to approve the sale of the Assets to the Purchaser (the "**Sale Motion**"), supported by the Fourth Report and the confidential appendix that accompanied the Fourth Report, sought an order from this Honourable Court approving the sale transaction with the Purchaser (the "**Approval and Vesting Order**").
- 1.4 At the Sale Motion heard on June 21, 2012, this Honourable Court issued the Approval and Vesting Order sought and extended the Stay until September 14, 2012. A copy of the Approval and Vesting Order is attached as **Appendix "C"**.

2.0 EVENTS SUBSEQUENT TO THE SALE MOTION

- 2.1 After the hearing of the Sale Motion and the granting of the Approval and Vesting Order, the Applicants noticed that a schedule to the APA (the “**Confidential Schedule**”), which was included in the version of the APA in the public record, contained confidential and sensitive information that ought to have been redacted. According to the Applicants, if the Confidential Schedule remained in the public court record, it would be prejudicial to the Applicants since the competitively sensitive information contained therein could be accessed by the public. As such, the Applicants sought and obtained an Order from the Court on June 27, 2012 that the Confidential Schedule be sealed, kept confidential and not form part of the public record. A copy of the June 27, 2012 Court Order is attached as **Appendix “D”**.
- 2.2 Also after the hearing of the Sale Motion, it came to the Applicants’ attention that there was an increase in trading of units of AGIF. As such, the Applicants sought and obtained an Order from the Court on June 28, 2012 permitting the public disclosure of the Purchase Price. A copy of the June 28, 2012 Court Order is attached as **Appendix “E”**. A copy of AGIF’s press release disclosing the Purchase Price dated June 28, 2012 is attached as **Appendix “F”**.
- 2.3 On June 26, 2012, the Monitor filed a motion (the “**US Sale Motion**”) with the U.S. Court for entry of an Order recognizing and enforcing the Approval and Vesting Order in the United States. The hearing to consider the US Sale Motion is to be held on July 17, 2012 and any objections are required to be filed on or before July 11, 2012.
- 2.4 The Applicants have brought a motion returnable July 12, 2012 seeking an Order (the “**Transition Services Order**”):

- a) Approving the Transition Services Agreement between Arctic Glacier, LLC, Arctic Glacier U.S.A., Inc., Arctic Glacier Canada, Inc. (collectively, the “**Purchaser Group**”), the Applicants and the Monitor which provides a framework to facilitate the continued administration of the Applicants’ restructuring process, including distributions from the Applicants’ estates (the “**TSA**”);
- b) Granting additional powers to the Monitor to facilitate the continuing administration of the CCAA Proceedings as set out in the draft Transition Services Order;
- c) Authorizing the CPS, on and after Closing, to take such additional actions as the Applicants or the Monitor consider necessary to assist (i) the Applicants in connection with the administration of the CCAA Proceedings and (ii) the Monitor in fulfilling the Monitor’s functions and obligations;
- d) An order amending the Approval and Vesting Order in order to designate the affiliates of the Purchaser who will take title to the Assets in accordance with the terms of the APA (the “**Amended and Restated AVO**”); and
- e) Approving this Fifth Report and the Monitor’s activities described herein.

2.5 The purpose of this Fifth Report is to provide information to this Honourable Court concerning the TSA, the proposed Transition Services Order and the Amended and Restated AVO, and to provide the Monitor’s comments and recommendation regarding the relief sought by the Applicants.

- 2.6 Further information regarding these proceedings can be found on the Monitor's website at <http://www.alvarezandmarsal.com/arcticglacier>.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this Fifth 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 Fifth Report, or otherwise used to prepare this Fifth Report.
- 3.2 The information contained in this Fifth Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Applicants.
- 3.3 Capitalized terms not otherwise defined in this Fifth Report are as defined in the Initial Order, the Monitor's reports previously filed with this Honourable Court, and/or the APA.
- 3.4 Unless otherwise stated, all monetary amounts contained in this Fifth Report are expressed in United States dollars, which is the Applicants' common reporting currency.

4.0 THE TRANSITION SERVICES AGREEMENT

- 4.1 The TSA provides a framework to facilitate the administration of the Applicants' restructuring process, including distributions from the Applicants' estates, and expressly contemplates the assistance the Monitor will require to implement any claims process that

may be ordered by this Honourable Court. The execution of the TSA is necessary in order to ensure that the CCAA Proceedings are properly administered after the Closing of the Transaction and is subject to the approval of this Honourable Court.

4.2 The TSA provides that, during the six year period from Closing, or such other period as required by any applicable law (the “**Post-Closing Period**”), the Purchaser Group shall provide or cause to be provided to the Monitor and its authorized representatives, as reasonably requested and on the terms and subject to the conditions set forth in the TSA, certain “**Transition Services**” referred to in the TSA as follows:

- a) Retention of and access to all of the Books, Records, Tax Returns and all other information related to the Applicants and the Business that may reasonably be required in order to meet legal, regulatory, accounting, tax and auditing requirements in order to allow the Monitor to properly discharge its responsibilities pursuant to any orders issued by the Court or the U.S. Court;
- b) At no cost to the Monitor or the Applicants’ estates, for a period of 18 months following the date that a claims procedure is ordered by the Court or September 5, 2012, services from up to 5 Transferring Employees for the first 12 months and up to 3 Transferring Employees for the next 6 months, as reasonably necessary to assist the Monitor in the performance of its duties and exercising any authority given to the Monitor. Such Transferring Employees are to be agreed upon by the Monitor and the Purchaser Group and the identity of such Transferring Employees may change from time to time depending on the needs of the Monitor and as agreed by the Purchaser. After the initial 18 month period, the Purchaser Group and the Monitor are to agree on reasonable compensation for any

additional services of the Transferring Employees that may be required by the Monitor; and

c) Use of certain Assets, including:

- i. office premises and facilities of the Purchaser Group of such nature and scale as appropriate for facilitating the performance of the duties and obligations as described in the Transition Services Agreement; and
- ii. certain business names (with the qualifier “formerly known as” preceding such usages) and trademarks as identified in Schedule B to the TSA as are reasonably necessary for the Monitor to perform its duties and obligations, including conducting a claims process, provided that no other business shall be carried on under such names and trademarks.

4.3 The TSA also provides that:

- a) As soon as practicable, but no later than 30 days following Closing, each of the Applicants that is a corporation and that uses the words “Arctic Glacier” (or a variation of such words) in its legal name will change its legal name to a name that does not include such words or variation;
- b) The Purchaser Group will be reimbursed for reasonable out-of-pocket expenses incurred as a result of the provision of the Transition Services; and
- c) The TSA shall terminate automatically upon the expiry of the Post-Closing Period.

4.4 The draft Transition Services Order, in addition to approving the TSA, provides the Monitor with additional authority to deal with matters on behalf of the Applicants such as

completing tax returns and forms and required remittances. The draft Order also grants the Monitor the authority to execute documents, in the name of and on behalf of the Applicants, as the Monitor considers necessary or desirable to perform its functions and obligations.

- 4.5 The TSA, which provides additional details regarding the Transition Services as well as other terms and conditions, is attached as an Exhibit to the Affidavit of Keith McMahon dated July 10, 2012 sworn in support of the Applicants' motion (the "**July McMahon Affidavit**").

5.0 AMENDED AND RESTATED APPROVAL AND VESTING ORDER

- 5.1 Section 8.01 of the APA provides that the Purchaser is entitled to designate one or more Affiliates to acquire specified assets. Pursuant to a Designated Purchaser Agreement between the Purchaser Group and the Applicants (which is attached as an Exhibit to the July McMahon Affidavit), the Purchaser has designated certain subsidiaries to acquire the Assets being purchased pursuant to the APA. The Purchaser has designated a United States incorporated company to take title to the United States Assets and assume the Assumed Liabilities related to such United States Assets and a Canadian incorporated company to take title to the Canadian Assets and assume the Assumed Liabilities related to such Canadian Assets. As such, the Purchaser has requested that the Applicants seek the Amended and Restated AVO that provides for the vesting of the Assets in the specific designated purchasers. It is the Monitor's view that the Designated Purchaser Agreement implements the arrangements contemplated by the APA with respect to the corporate structure of the purchased entities going forward, is consistent with that which the Purchaser advised the Monitor at the time of the granting of the Approval and Vesting

Order, and does not materially prejudice the Applicants' stakeholders. Thus, the Monitor supports the Applicants' request for the Amended and Restated AVO.

6.0 ACTIVITIES OF THE MONITOR

6.1 In addition to the Monitor's involvement in developing the TSA, the activities of the Monitor from the date of the Fourth Report have included the following:

- Continuing to attend the Company's premises on a regular basis;
- Continuing to monitor the receipts, disbursements, purchase commitments and arrangements for deposits with certain suppliers of the Applicants, including tracking on a weekly basis, the outstanding balances and major commitments due to critical suppliers identified in the Initial Order;
- Continuing to assist 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;
- Organizing bi-weekly update calls with the Lenders to discuss the weekly cash flow report and provide an update on the Company's operations;
- Reviewing the Company's weekly analysis of its DIP draw requirements or repayment under the DIP and reviewing requests regarding same when required;
- Assisting the Company in respect of its obligations under the APA and, in conjunction with the Company, its legal counsel, the Financial Advisor and the CPS, attending to matters necessary to plan for the Closing and the post-Closing period;

- Reviewing, providing comments on and assisting the Company in its negotiations of a draft sale agreement in respect of one of the Company's redundant properties;
- Responding to numerous enquiries from unit holders regarding the CCAA Proceedings, the SISP and its expected outcome;
- Acting as foreign representative in the Chapter 15 Proceedings, and, in those proceedings, filing the US Sale Motion and dealing with the mediation of the appeal of the Recognition Order filed by the IP Plaintiffs;
- Making non-confidential materials filed with this Honourable Court and with the U.S. Court 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 hotline number established by the Monitor.

7.0 THE MONITOR'S COMMENTS AND RECOMMENDATIONS

7.1 The APA contemplates that the Purchaser will offer employment to all of the Applicants' employees. Accordingly, it is anticipated there will be no employees or management remaining with the Applicants following Closing. As a result, in order to ensure the continued efficient administration of these CCAA Proceedings, the approval of the TSA and the granting of the Transition Services Order are being sought.

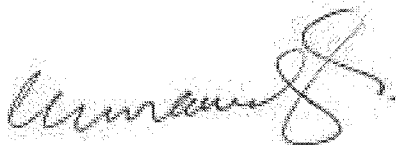
7.2 Given that the Purchase Price contemplated in the APA exceeds the Lender Claims, a claims process will be required to establish and validate the amounts of any other claims. It is anticipated that a motion seeking the establishment of a claims process will be

brought before this Honourable Court on or about September 5, 2012. Accordingly, the TSA contemplates that the Monitor will have access to the Company's former employees, Senior Management and the Company's books and records following Closing in order to resolve and adjudicate claims filed in the claims process. It may also be necessary for the Monitor to have access to such individuals and information to assist in dealing with the Excluded Assets, the Excluded Liabilities and other matters associated with facilitating the administration of the Applicants' estates. Accordingly, it is the Monitor's view that the Transition Services Agreement and the additional powers for the Monitor and CPS sought in the draft Transition Services Order are appropriate and necessary in the circumstances.

7.3 For the foregoing reasons, the Monitor hereby respectfully recommends that this Honourable Court grant the relief sought by the Applicants in the Transition Services Order and the Amended and Restated AVO attached thereto.

All of which is respectfully submitted to this Honourable Court this 10th day of July, 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

APPENDIX “A”

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.
ICESurance 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”

**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")**

**FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.
JUNE 15, 2012**

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Appendix C – The Third Report

Appendix D – The Consent Order dated May 15, 2012

Appendix E – Press Release Issued April 12, 2012

Appendix F – Extended Cash Flow Forecast

1.0 INTRODUCTION

Canadian Proceedings

- 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, a copy of which is attached as **Appendix "B"** and which includes a copy of the SISP (as defined below), 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 providing potential

investors with the opportunity 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**”).

Chapter 15 Proceedings

- 1.4 On February 22, 2012, pursuant to the Initial Order, 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 “**U.S. Court**”). The proceedings initiated under the Chapter 15 Petitions are referred to herein as the “**Chapter 15 Proceedings**”.

- 1.5 On February 23, 2012, the U.S. 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).
- 1.6 On March 16, 2012, a hearing was held before the Honorable Judge 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, the Honorable 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 U.S. Court overruled the Objection based on both lack of standing and lack of merit.
- 1.7 Following the Recognition Hearing, the U.S. Court issued an order (the “**Recognition Order**”) that provided, among other things that: (i) Canada is the center of main interests of each of the Applicants; (ii) the Monitor is the duly appointed “foreign representative” of the Applicants; (iii) the CCAA Proceedings are recognized as a foreign main proceeding; (iv) 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; (iv) that the DIP Lenders be granted certain protections under the Bankruptcy Code and the borrowings under the DIP Facility be authorized on a final basis, and (iv) a stay of proceedings against the assets of the Company in the United States be granted on a final basis.

- 1.8 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. As noted in the Second Report (as defined below), the IP Plaintiffs did not specify any grounds for appeal in the Notice of Appeal and the Monitor considers the Notice of Appeal to be without merit. There is a mediation pending that has yet to be scheduled with respect to the appeal.

The Monitor's Reports and Other Orders Granted in these Proceedings

- 1.9 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 in those reports.
- 1.10 On March 15, 2012, this Honourable Court issued the Order sought in the First Stay Extension Motion.
- 1.11 The Monitor filed its Second Report to Court dated March 30, 2012 (the “**Second Report**”) in support of the Applicants’ motion for an Order:
- a) Extending the Stay until June 15, 2012; and

b) Approving the Second Report and the Monitor's Activities described in the Second Report.

1.12 On April 3, 2012, this Honourable Court issued the Order sought in the Second Stay Extension Motion; however extended the Stay until June 27, 2012.

1.13 The Monitor filed its Third Report to Court dated May 14, 2012 (the "**Third Report**") in support of a Consent Order in respect of a motion made by the US Direct Purchaser Antitrust Settlement Class (the "**Direct Purchaser Plaintiffs**"). The Consent Order implemented the provisions of a settlement agreement executed by the Applicants and the Direct Purchaser Plaintiffs on May 14, 2012 (the "**Settlement Agreement**"). A copy of the Third Report is attached as **Appendix "C"**. The Consent Order, a copy of which is attached as **Appendix "D"**, was issued by this Honourable Court on May 15, 2012 (the "**Consent Order**").

1.14 The Applicants have brought a motion returnable June 21, 2012 seeking an Order (the "**Approval and Vesting Order**");

a) Approving the sale transaction contemplated by the Asset Purchase Agreement dated June 7, 2012 (the "**APA**") between the Company and H.I.G. Zamboni, LLC (the "**Purchaser**"), a redacted copy of which is attached as "A" to the Affidavit of Keith McMahon dated June 13, 2012 (the "**June McMahon Affidavit**");

b) Vesting in the Purchaser all of the Company's right, title and interest in and to the Assets (as defined in the APA) free and clear of any claims and encumbrances other than certain permitted encumbrances as set out in the draft Approval and Vesting Order;

- c) Assigning the rights and obligations of the Company under the Assigned Contracts (as defined in the APA);
- d) Directing the Monitor to pay from the proceeds of the Transaction an amount sufficient to pay the Lenders in full and in cash in respect of the Lender Claims in concurrently with, and as a condition precedent to, the closing of the Transaction, with the balance of the proceeds to be held by the Monitor in accordance with the terms of the draft Approval and Vesting Order;
- e) Extending the Stay from June 27, 2012 to August 31, 2012;
- f) Providing that the contents of the Confidential Appendix be sealed, kept confidential and not form part of the public record until further Order of this Honourable Court; and
- g) Approving the Third Report and this report (the “**Fourth Report**”) and the activities of the Monitor in these reports.

1.15 The purpose of this Fourth Report is to provide information to this Honourable Court concerning:

- a) the SISP and the proposed sale transaction contemplated by the APA (the “**Transaction**”);
- b) the activities of the Monitor from the date of the Second Report to the date of this Fourth Report;
- c) the actual receipts and disbursements of Arctic Glacier for the fifteen-week period ended June 1, 2012 as compared to the Cash Flow Forecast previously filed as part of the Second Report (the “**Updated Cash Flow Forecast**”);

d) an extended cash flow forecast for the thirteen-week period ending August 31, 2012 (the “**Extended Cash Flow Forecast**”); and

e) The Monitor’s comments and recommendations in respect of the Applicants’ motion for the Approval and Vesting Order.

1.16 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 Fourth 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 Fourth Report, or otherwise used to prepare this Fourth Report.

2.2 Certain of the information referred to in this Fourth 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 Fourth 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 Fourth 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 Fourth Report are as defined in the Initial Order, the Pre-Filing Report, the First Report, the Second Report and/or the Third Report.
- 2.5 Unless otherwise stated, all monetary amounts contained in this Fourth Report are expressed in United States dollars, which is the Applicants' common reporting currency.

3.0 BACKGROUND

- 3.1 As described in the affidavit of Keith McMahon sworn February 21, 2012 (the “**Pre-Filing 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 Pre-Filing McMahon Affidavit and the Pre-Filing Report.

4.0 THE RESULTS OF THE SALE AND INVESTOR SOLICITATION PROCESS

- 4.1 Defined terms used in this section and not otherwise defined herein have the meaning ascribed to them in the SISP.

- 4.2 The SISP was developed as a result of extensive negotiations among the Applicants, the Financial Advisor and the Lenders, with input from the Monitor, and was approved in the Initial Order and recognized by the U.S. Court in the Recognition Order. All participants in the negotiations were cognizant of the liquidity issues facing the Applicants in determining the timelines for the SISP. The SISP and its timelines were developed to take into account the balance between the time necessary to administer the phases of a commercially reasonable sale/investment process and the available financial resources and operations of the Applicants.
- 4.3 Under the supervision of the Monitor, the Applicants implemented the SISP in accordance with the Initial Order. The Financial Advisor managed the day-to-day activities in connection with the SISP. The Monitor supervised the Financial Advisor's performance pursuant to its engagement by the Applicants. The CPS provided significant input with respect to the SISP, led twice weekly conference calls with the Company, the Monitor and their respective advisors and reported to the Special Committee.
- 4.4 The SISP provides that in order to be a Qualified Bid a bid must contain, among others, the following requirements (which requirements could not be waived by the Monitor):
- a) the purchase price contained in the bid must be in an amount sufficient to pay the Lender Claims in full and in cash on Closing; and
 - b) the Monitor had to determine that, in its reasonable business judgment, it is likely that the Qualified Bidder would be able to consummate the proposed transaction on or before the Outside Date (July 31, 2012) in a manner that complied with the SISP.

Phase 1 of the SISP

4.5 The following activities were undertaken by the Financial Advisor, the Applicants, the CPS and/or the Monitor during Phase 1 of the SISP:

- A list of 165 prospective parties to contact and invite to participate in the SISP was prepared;
- The Financial Advisor contacted parties and provided a “teaser”/investment overview letter and a form of Non-Disclosure Agreement (“NDA”) to the extent that such potential bidder indicated they were interested in receiving same;
- The Monitor caused the notices required pursuant to the Initial Order and the SISP to be published in the newspapers specified in the Initial Order and the SISP;
- The Monitor ensured that notice of the SISP and a copy of the SISP was continuously posted on the Monitor’s website established for these Proceedings;
- A Confidential Information Memorandum (“CIM”) was prepared for prospective bidders who executed NDAs. The CIM included detailed information about the Business and the Applicants’ financial results; and
- An electronic data room was established (the “**Phase 1 Data Room**”) which was made available to prospective bidders who executed an NDA. The Phase 1 Data Room contained information regarding the Applicants’ financial, operational, human resources, legal, customer and supplier information to assist Phase 1 Participants in analyzing the Business and their interest in submitting an LOI.

4.6 During Phase 1 of the SISP there were extensive negotiations among prospective bidders and the Applicants, in consultation with the Monitor, regarding the execution of NDAs.

42 prospective bidders executed an NDA, received a copy of the CIM and were provided access to the Phase 1 Data Room.

4.7 The Financial Advisor, often in conjunction with the Monitor, conducted extensive discussions with many of the Phase 1 Participants, typically addressing questions arising from their review of the CIM and/or the information contained in the Phase 1 Data Room. The key topics addressed included litigation issues, the Applicants' operations, financial performance and future prospects, the impact of the CCAA Proceedings on the Business, and the quantum of the Applicants' secured and unsecured liabilities as well as the projected DIP Facility balance at Closing.

4.8 The Phase 1 Bid Deadline was 5:00 p.m. CT on March 28, 2012. Nineteen prospective bidders submitted an LOI in Phase 1. Sixteen of the LOIs were sale proposals, two were investment proposals and one was a partial sale proposal.

4.9 Throughout Phase I of the SISP, the Monitor was actively involved with the Financial Advisor, the CPS and the Company in respect of all matters related to the SISP, including:

- Commenting on the draft form of NDA to be provided to prospective bidders and engaging in discussions with the Company, its advisors and the Lenders' advisors with respect to the NDAs;
- Assisting in the negotiation of the actual NDAs executed by prospective bidders;
- Assisting in the preparation of the Phase 1 Data Room;
- Assisting in the preparation of the prospective bidder list, "teaser"/investment overview letter and CIM;

- Participating in numerous conference calls with prospective bidders and the Financial Advisor; and
 - Attending the twice weekly calls organized by the CPS.
- 4.10 In accordance with the terms of the SISP, the Monitor, within 5 Business Days following the Phase 1 Bid Deadline, in consultation with the Financial Advisor, the CPS and the Applicants, assessed the Qualified LOIs received to determine whether there was a reasonable prospect of obtaining a Qualified Bid. The Monitor, in consultation with the Financial Advisor, CPS and Company, determined that there was a reasonable prospect of obtaining a Qualified Bid. Therefore, the Monitor recommended to the Special Committee that the SISP should continue for a further 45 days. The Special Committee accepted the Monitor's recommendation and the SISP entered Phase 2.

Phase 2 of the SISP

- 4.11 On April 5, 2012, Phase 2 of the SISP commenced. On April 12, 2012, AGIF issued a press release announcing that the Special Committee had authorized the commencement of Phase 2 of the SISP. A copy of the April 12, 2012 press release is attached as **Appendix "E"**. Nine of the nineteen parties submitted a Qualified LOI during Phase 1 and were invited to participate in Phase 2 of the SISP (the "**Phase 2 Participants**").
- 4.12 As provided for in the SISP, following the commencement of Phase 2, and after notifying the Lenders, the Monitor, in consultation with the Financial Advisor, the CPS and the Applicants determined that the Phase 2 Bid Deadline should be extended by 15 days.
- 4.13 On April 24, 2012, the Financial Advisor informed the Phase 2 Participants that the Phase 2 Bid Deadline was extended to 6:00 p.m. EST (5:00 p.m. CST) on June 4, 2012.

4.14 The following activities were undertaken by the Financial Advisor, the Applicants, the CPS and/or the Monitor during Phase 2 of the SISP:

- A more extensive electronic data room was established to provide further confidential information concerning the Company to the Phase 2 Participants (the “**Phase 2 Data Room**”). Senior Management authorized the information included in the Phase 2 Data Room in consultation with the Financial Advisor and the Monitor;
- A management presentation was developed and delivered by Senior Management to all of the Phase 2 Participants as well as certain of those participants’ advisors and potential financing sources;
- Plant tours were given to the vast majority of the Phase 2 Participants;
- A letter detailing the process to be followed in submitting a bid in Phase 2 was developed and distributed;
- A draft form of Asset Purchase Agreement was developed and distributed to the Phase 2 Participants that remained interested in the acquisition opportunity;
- Detailed diligence requests were received from certain of the Phase 2 Participants and their respective advisors and consultants and were responded to by the Financial Advisor and the Applicants, with the assistance of the Monitor; and
- Numerous conference calls and/or meetings were conducted with the Phase 2 Participants and their advisors.

4.15 Reddy Ice Holdings, Inc. (“**Reddy Ice**”), a significant competitor of the Applicants, was one of the Phase 2 Participants. Reddy Ice’s participation in Phase 2 was publicly disclosed by Reddy Ice in conjunction with its United States chapter 11 proceeding. In

order to comply with antitrust requirements in the United States, the Applicants developed a separate protocol for dealing with Reddy Ice and its advisors, which was governed by a Clean Team Agreement executed by Reddy Ice. In accordance with that agreement, the Applicants provided Reddy Ice, its advisors and its sources of capital with access to separate electronic data rooms providing varying levels of confidential information depending on which party was accessing the particular data room. In addition, the Applicants developed and delivered a CIM and management presentation for Reddy Ice and its advisors, principals and sources of capital. The information in the CIM and the management presentation provided to Reddy Ice was redacted in order to protect competitively sensitive information. The Applicants' United States antitrust counsel, Jones Day, was significantly involved in all aspects of Reddy Ice's diligence efforts.

4.16 After the initial management presentations, certain of the Phase 2 Participants conducted detailed due diligence, which took the form of additional data room information requests, further management meetings and a review of more detailed financial information. Certain of the Phase 2 Participants also engaged specialized advisors such as environmental, operational and financial advisors to help them in assessing the acquisition opportunity. All of the Phase 2 Participants except Reddy Ice (who was subject to the Clean Team Agreement) received a tour of the Mississauga facility. In addition, at their request, certain Phase 2 Participants and their advisors received tours of other Company facilities.

4.17 The Financial Advisor provided a process letter and a draft form of Asset Purchase Agreement to the Phase 2 Participants who remained interested in the acquisition

opportunity. The process letter requested that interested bidders provide a mark-up of the draft Asset Purchase Agreement on May 25, 2012, nine days prior to the Phase 2 Bid Deadline. Marked-up versions of the Asset Purchase Agreement were received from three bidders on May 25, 2012.

4.18 Subsequent to the receipt of the marked-up Asset Purchase Agreements, the Financial Advisor, the Company and the Monitor had discussions with the three remaining bidders in order to clarify certain aspects of their bids and to deal with remaining due diligence issues. In particular, counsel for the Company, the Financial Advisor and the Monitor and its counsel attended meetings and/or conference calls with each remaining bidder on May 30, 2012. The purpose of the meetings was to deal with high level business and legal issues in respect of the marked-up Asset Purchase Agreements in an effort to achieve the most favourable bids possible at the Phase 2 Bid Deadline.

4.19 The three remaining Phase 2 Participants submitted Final Bids prior to the Phase 2 Bid Deadline on June 4, 2012. Two of these Phase 2 Participants who submitted a bid also provided a Deposit; the third agreed to provide a deposit upon execution of an agreement.

4.20 Throughout Phase 2 of the SISP, the Monitor was actively involved with the Financial Advisor, the CPS and the Company in respect of all matters related to the SISP, including:

- Attending all of the management presentations made to the Phase 2 Participants;
- Attending certain facility tours provided to some of the Phase 2 Participants;

- Participating in numerous follow-up conference calls and meetings with the Phase 2 Participants and/or their advisors, and in particular with the three Phase 2 Participants that submitted bids;
- Assisting in the preparation of the draft form of Asset Purchase Agreement and reviewing comments thereon;
- Assisting in the preparation of the Phase 2 Data Room;
- Assisting the Financial Advisor and the Company in connection with fulfilling due diligence requests;
- Assisting the Company and its advisors in their preparation of the estimated working capital statement; and
- Attending the twice weekly calls organized by the CPS.

4.21 In accordance with the Consent Order, counsel for the Company, the Monitor and its counsel had a conference call on June 6, 2012 with the Lenders and their counsel to update the Lenders on the progress of the SISP and the Final Bids received. Further, in accordance with the Settlement with the Direct Purchaser Plaintiffs detailed in the Third Report, and prior to the Special Committee's consideration of the Final Bids received, counsel for the Company, the Monitor and its counsel had a conference call on June 7, 2012 with counsel for the Direct Purchaser Plaintiffs to discuss the key terms of the Final Bids. There were no additional conference calls or meetings with the Lenders or counsel to the Direct Purchaser Plaintiffs in respect of the matters addressed in the Settlement or the Consent Order.

4.22 As detailed in this Fourth Report, the Monitor had extensive involvement in the SISP. The Monitor is satisfied that the SISP was managed in accordance with its terms and in a fair and transparent manner. The Monitor is satisfied that the Company, the Financial Advisor and the CPS all discharged their responsibilities under the SISP in good faith and with due diligence. It is the Monitor's view that all interested parties had a reasonable opportunity to participate in the SISP and to submit a Final Bid.

Evaluation of the Final Bids Received

4.23 The Applicants received three Final Bids as a result of the SISP. These Final Bids are discussed in general terms below and are described in detail in the **Confidential Appendix**, for which a sealing order is being sought.

4.24 Following the Phase 2 Bid Deadline, the Financial Advisor, the Applicants, the Monitor and the CPS communicated with the three remaining bidders to clarify and discuss certain aspects about their respective Final Bids prior to the selection of the Successful Bid from the Purchaser.

4.25 On June 7, 2012, the Monitor advised the Special Committee that one or more Qualified Bids had been received in accordance with the SISP. The Monitor confirmed that the terms of the court-approved SISP had been followed. The Monitor, after consulting with the Financial Advisor, the CPS and the Company, and after taking into account the evaluation criteria set out in paragraph 27 of the SISP, recommended to the Special Committee that the Qualified Bid submitted by an affiliate of H.I.G. Capital (the "**Purchaser**") was the most favorable bid and should be selected. The Purchaser's bid was the highest offer received with the fewest conditions to closing. The Financial Advisor and the CPS concurred with the Monitor's recommendation. The Special

Committee accepted the Monitor's recommendation and authorized the Company to enter into the APA.

- 4.26 On June 8, 2012, the Company issued a press release announcing the transaction and identifying the Purchaser. A copy of the press release is attached to the June McMahon Affidavit.

5.0 THE PROPOSED APA

Outline of the APA and the Transaction

- 5.1 Defined terms used in this section and not otherwise defined have the meaning ascribed to them in the APA.
- 5.2 Pursuant to the APA, the Purchaser, a newly formed Delaware limited liability company and affiliate of H.I.G. Capital ("**HIG**"), a private equity firm headquartered in Miami, Florida, will purchase all of the Company's assets except the Excluded Assets (the "**Assets**") and will assume all of the Company's liabilities except the Excluded Liabilities (the "**Assumed Liabilities**") of the Applicants on an "as is, where is" basis.
- 5.3 HIG has indicated that it is committed to preserving the Business as a standalone enterprise based in Winnipeg, intends to invest significant growth capital into the Business, and has plans to invest in new technology, infrastructure and systems.
- 5.4 The Excluded Assets are comprised of cash and cash equivalents; tax refunds; rights under any contracts which may be disclaimed by the Applicants with the consent of the Purchaser; certain tax records; claims to reimbursement made before the date of the APA; certain pre-payments; and an excluded redundant property.

- 5.5 The Excluded Liabilities include certain current liabilities, certain tax liabilities, certain litigation liabilities, and liabilities arising in connection with the Brandywine Ice Company Defined Benefit Pension Plan.
- 5.6 As a result of the highly seasonal nature of the Applicants' business, the form of APA provided to the Phase 2 Participants by the Applicants included a mechanism to adjust the purchase price to reflect changes in working capital. The Applicants, with the assistance of the Financial Advisor, the Applicants' accountants, KPMG LLP, and the Monitor, provided Phase 2 Participants with a working capital analysis illustrating changes in the Company's working capital. The form of APA contained a provision whereby the purchase price would be adjusted off of a specified amount which was set as the historical normalized annual average level of working capital. The adjustment mechanic is necessary given the fact that a successful bidder would be acquiring the Business during its peak sales season, during which the Company's current assets are projected to significantly exceed its current liabilities. HIG accepted the Applicants' proposed mechanism for addressing this working capital surplus, which is reflected in the Purchase Price. The APA also provides a mechanism to determine the actual working capital at Closing and to adjust the Purchase Price accordingly.
- 5.7 The APA provides that the Purchaser will offer to employ all of the Company's employees (both full-time and part-time and including the executive team, whether or not such employees are on vacation or leave) on terms and conditions substantially similar in the aggregate to the current terms of such employees' employment (excluding change of control entitlements or equity incentives).

- 5.8 The purchase price for the Assets contained in the APA (the “**Purchase Price**”) includes a \$10 million deposit that is currently being held by the Monitor. The balance of the Purchase Price is to be wired to an account of the Monitor on Closing. As required by the SISP, the Purchase Price is sufficient to pay the Lender Claims in full in cash on Closing.
- 5.9 The key conditions to Closing in the APA include Canadian and U.S. Court approval, regulatory approval, and that no Material Adverse Effect has occurred. The Purchaser or the Company may terminate the APA if the conditions for the benefit of the other party are not met or waived, there is a breach by the other party that is not cured within 10 days, or the transaction has not closed by the Outside Date.
- 5.10 As part of the meetings and discussions with the three Phase 2 Participants that submitted marked-up Asset Purchase Agreements on May 25, 2012, it became apparent that each of the remaining prospective purchasers would require some protection by being able to elect not to close the transaction if a material adverse event relating to the Business should occur between execution of any agreement and closing. There was a consistent message received from each of these potential bidders that such protection would also be required by any prospective debt financier. Thus, the Company developed a Material Adverse Effect clause and provided a copy of same to each of the 3 remaining bidders.
- 5.11 The Material Adverse Effect definition contained in the APA is substantially similar to the language proposed by the Company. The Material Adverse Effect definition is limited to an event that is or is reasonably expected to be material and adverse to (i) the Business, the Assets, the Assumed Liabilities, condition (financial or otherwise), or results of operations of the Purchased Business, taken as a whole, or (ii) the ability of the Company to complete the transaction contemplated by the APA. In addition, there are a

number of exclusions to the Material Adverse Effect definition, which, if they should occur, would not be a Material Adverse Effect. Some of the key exclusions include, but are not limited to: (i) any change in general economic or political conditions or the securities, capital, credit, financial or banking markets generally, or any worsening thereof, in Canada or the United States; (ii) the loss of one or more customers of the Company; (iii) the impact of weather in and of itself on the results of operations of the Applicants, taken as a whole; or (iv) any change generally affecting the packaged ice industry in Canada or the United States.

5.12 The APA provides for the assignment of the Assigned Contracts by Court order in the event that consents are not obtained from the counterparties. The draft Approval and Vesting Order contains a provision ordering the assignment of the Assigned Contracts pursuant to Section 11.3 of the CCAA. The Monitor approves of the proposed assignments of the Assigned Contracts. It is the Monitor's view that the Purchaser will be able to perform the obligations under the Assigned Contracts and in light of the fact that the Purchaser is acquiring the Business it is appropriate for an order to be made assigning the Assigned Contracts.

5.13 The Purchaser's debt financing commitment from Credit Suisse Securities (USA) LLC and Credit Suisse AG, Cayman Islands Branch ("**Credit Suisse**") contains conditions precedent, representations and warranties and the Material Adverse Effect provisions set out in the APA. This ensures that the proposed debt financing commitment cannot be terminated due to changes in the Business for reasons beyond those contained in the APA. A copy of the debt financing commitment letter is included in the Confidential Appendix.

- 5.14 The Purchase Price is to be partially satisfied by an equity investment from an HIG private equity fund related to the Purchaser. A commitment letter from such equity fund was provided to the Purchaser and delivered as part of the Purchaser's bid package. The Monitor has reviewed the commitment letter and is satisfied with its terms and that HIG has the financial wherewithal to complete the Transaction.
- 5.15 The remainder of the Purchase Price is to be satisfied by debt financing. A commitment letter from Credit Suisse was also delivered as part of the Purchaser's bid package. Amendments were made to the debt financing commitment letter to be consistent with the amendments that were made to the APA based on discussions between the Company, the Monitor, the Financial Advisor and the Purchaser subsequent to the Phase 2 Bid Deadline. The Monitor notes that the debt financing commitment terminates on July 31, 2012, consistent with the Outside Date in the SISP and the APA.
- 5.16 The debt financing commitment contains the ability for Credit Suisse to syndicate the loan. It is a condition of Closing to the debt financing commitment that Credit Suisse be provided a period of no less than 28 consecutive business days following the execution of the APA to syndicate the loan, provided that the period between June 30 and July 8, 2012 will be excluded for the purposes of calculating the syndication period. Based on a timeline provided by the Purchaser, and the Financial Advisor and Monitor's calculation of the syndication period, the Monitor notes that the syndication period will end before the Outside Date. The Monitor notes that, notwithstanding the outcome of Credit Suisse's efforts to syndicate the loan, Credit Suisse is committed to providing the full amount of the debt commitment. The Monitor has reviewed the debt commitment letter and is satisfied with its terms and that it should be able to close before the Outside Date.

5.17 It is contemplated that the Transaction will close between July 25 and 31, 2012.

Secured Debt Facilities

5.18 As at July 31, 2012, the anticipated closing date of the Transaction (the “**Closing**”), the Lender Claims and the TD Letter of Credit Obligations are projected to be as follows:

Arctic Glacier			
Projected Balances as at July 31, 2012 (in \$ millions)			
	Facility	Amount Outstanding (CDN\$)	Amount Outstanding (US\$)
(1) First Lien Debt			
	Canadian Revolving Facility (US\$)	15.0	7.1
	Canadian Swing Line Facility (US\$)	5.0	-
	U.S. Revolving Facility (US\$)	45.0	n/a
	U.S. Swing Line Facility (US\$)	5.0	n/a
	70.0	7.1	23.2
(2) Second Lien Debt			
	Second Lien Canadian Term Loan (CDN\$)	50.0	62.0
	Second Lien U.S. Term Loan (US\$)	138.9	n/a
	188.9	62.0	171.5
(3) TD Letter of Credit Obligations (US\$)			
	0.1	n/a	0.1
DIP Facility			
	DIP Facility (CDN\$)	26.0	15.5
	DIP Facility (US\$)	24.0	-
	50.0	15.5	13.5
TOTAL			
	309.0	84.6	208.3
Notes:			
1. First Lien Debt balances include accrued interest and accrued commitment fees. Assumes no change in Canadian and United States prime interest rates.			
2. Second Lien Debt balances include PIK and non-PIK interest as well as prepayment premiums.			
3. Amounts above exclude unreimbursed expenses payable to the Lenders.			

5.19 As noted above, the Lender Claims consist of the following:

- a) First Lien Debt – Approximately CDN\$7.1 million and US\$23.2 million owing under the First Lien Credit Agreement. AGI and AGII are borrowers and the remaining Applicants have granted secured guarantees of the First Lien Debt.

- b) Second Lien Debt – Approximately CDN\$62.0 million and US\$171.5 million owing pursuant to the Second Lien Credit Agreement. AGI and AGII are borrowers and the remaining Applicants have granted secured guarantees of the Second Lien Debt.
- c) TD Letter of Credit Obligations – A small credit facility totaling \$125,000 maintained by the Toronto-Dominion Bank to secure payment under a letter of credit previously issued under the First Lien Credit Agreement.
- d) DIP Facility – Based on the Company's forecast, approximately CDN\$15.5 million and US\$13.5 million owing under the Canadian and US dollar available DIP Facility. AGI and AGII are borrowers and the remaining Applicants have granted secured guarantees of the DIP Facility. The CDN\$15.5 million and US\$13.5 million does not account for anticipated cash on hand at Closing of CDN\$3 million and US\$4.7 million. As the APA treats cash on hand as an Excluded Asset, it is anticipated that any cash on hand at Closing will be used in connection with the Closing of the Transaction or transferred to an account to be established by the Monitor to deal with post-Closing estate issues.

5.20 Based on the Extended Cash Flow Forecast, as at July 31, 2012, the projected Lender Claim amounts are CDN\$84.6 million and US\$208.3 million not including unreimbursed expenses. These amounts include a pre-payment premium in the amount of CDN\$3.6 million and US\$10 million and accrued default interest in the amount of CDN\$1.1 million and US\$3.1 million, in each case, with respect to the Second Lien Debt.

Independent Security Opinion

- 5.21 As discussed in the First Report, the Monitor's independent legal counsel, Osler, conducted and co-ordinated a security review and provided an opinion on the validity and enforceability of the loan, guarantee and security documentation in connection with the First Lien Credit Agreement, the Second Lien Credit Agreement and the TD Letter of Credit Obligations.
- 5.22 In connection with the above, Osler rendered to the Monitor a security review opinion in the Provinces of Ontario and Alberta, which contains as appendices, security review opinions from legal counsel in: (a) the Provinces of Quebec, British Columbia, Saskatchewan and Manitoba; and (b) the States of New York, Delaware, California, Oregon, Texas, Michigan, Wisconsin, Iowa and Minnesota (collectively with the security review opinion of Osler in the Provinces of Ontario and Alberta, the "**Opinions**").
- 5.23 The Opinions provide that, subject to the customary assumptions, qualifications and limitations contained therein:
- a) the loan, guarantee and security documentation in connection with the First Lien Credit Agreement, the Second Lien Credit Agreement and the TD Letter of Credit Obligations constitute legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their respective terms; and
 - b) the Computershare Security, the Agent Security, the TD Security, the Canadian Master Collateral Agent Security and the US Security create valid security interests and/or charges (as applicable) in favour of the applicable secured parties in the collateral described therein and such security interests, to the extent capable

of perfection by registration, have been validly perfected by registrations made in the relevant jurisdictions in order to perfect or evidence such security.

5.24 As noted in the Pre-Filing Report, the First Lien Credit Agreement and the Second Lien Credit Agreement contain an obligation to pay default interest in certain circumstances. The cash flow forecasts filed throughout the CCAA Proceeding provide for the payment of default interest on the First Lien Debt and the definition of the Lender Claims in the SISP included default interest, as does the projected amount of the Lender Claims to be paid on Closing. As further described in the Pre-Filing Report, section 8 of the *Interest Act (Canada)* purports to limit the circumstances where default interest can be charged if a principal amount owing under a loan is secured by a mortgage over real property. The security granted to the Lenders and their agent(s) is comprehensive security on all of the assets of the Applicants which includes mortgages on real property in Canada and the United States. The real property in Canada comprises a relatively small portion of the Company's real property holdings and an even smaller portion of its overall assets. The APA does not allocate any value to the Company's owned real property. The Monitor understands that the distribution order being sought by the Applicants includes payment of the Lender Claims in full, including default interest. The Monitor also notes that the Purchase Price provided for in the APA is sufficient to pay all known creditor claims in full and may be sufficient to make a distribution to unitholders depending on the outcome of a claims process. The Monitor notes that the Lenders have been supportive of the Company and provided the funding necessary to implement the SISP and achieve a going concern solution for the Company's stakeholders and that such support was premised on the Lenders being paid the Lender Claims, including default interest.

6.0 ACTIVITIES OF THE MONITOR

6.1 In addition to the Monitor's ongoing supervision of and involvement with the SISF, the activities of the Monitor from the date of the Second Report have included the following:

- Attending the Company's premises on a regular basis;
- Monitoring the receipts, disbursements, purchase commitments and arrangements for deposits with certain suppliers 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;
- Organizing weekly update calls with the Lenders to discuss the weekly cash flow report and provide an update on the Company's operations;
- Assisting and discussing with the Company its operations and customer relations as requested by the Company;
- Reviewing the Company's weekly analysis of its DIP draw requirements and reviewing requests regarding same when required;
- Attending the Applicants' negotiations with the Direct Purchaser Plaintiffs resulting in the Settlement;
- 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, employees and other parties;
- Responding to various inquiries from unitholders regarding the CCAA Proceedings, the SISP and its outcome;
- Acting as foreign representative in the Chapter 15 Proceedings, and, in those proceedings, dealing with the mediation of the appeal of the Recognition Order filed by the IP Plaintiffs;
- Making non-confidential materials filed with this Honourable Court and with the U.S. Court 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.

7.0 RECEIPTS AND DISBURSEMENTS FOR THE FIFTEEN-WEEK PERIOD ENDED JUNE 1, 2012

- 7.1 The consolidated receipts and disbursements of Arctic Glacier for the period February 18 to June 1, 2012 as compared to the Updated 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 June 1, 2012 Unaudited, (US\$000's)			
	Actual	Forecast	Variance
Forecast Cash Inflow			
Customer collections	39,540	33,181	6,359
Forecast Total Receipts	39,540	33,181	6,359
Forecast Cash Outflow			
Supplier payments, vehicle, occupancy, selling and general	28,569	38,964	10,395
Payroll and benefits	19,215	19,084	(131)
Insurance	3,236	3,837	601
Capital expenditures	3,371	7,065	3,694
Interest and financing fees	2,418	2,962	544
Professional fees	9,148	12,715	3,567
Total Forecast Outflow	65,957	84,627	18,670
Net Cash Flow, prior to DIP Financing	(26,417)	(51,446)	25,029
DIP financing - advances	23,066	47,000	(23,934)
Net Cash Flow	(3,351)	(4,446)	1,095
Cash, beginning of period (February 18, 2012)	8,629	6,525	2,104
Cash, end of period (June 1, 2012)	5,278	2,079	3,199
Permitted DIP Financing Cumulative Draw	50,000	50,000	-
DIP financing cumulative draw	23,066	47,000	(23,934)
Net DIP Financing Availability	26,934	3,000	23,934
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.			

7.2 During the fifteen-week period ended June 1, 2012 (the “**Reporting Period**”), the Company’s actual receipts were approximately \$6.4 million greater than forecast in the Updated Cash Flow Forecast. Management attributes this variance primarily to a combination of greater than budgeted sales during the Reporting Period, and certain assumptions related to forecast collections that did not materialize during the Reporting Period.

7.3 The Company’s total disbursements for the Reporting Period were approximately \$18.7 million less than those anticipated in the CCAA Cash Flow Forecast. Of this variance, approximately \$8.8 million relates to underlying cash flow assumptions regarding

operating costs which did not materialize, and approximately \$3.4 million relates to professional fees, which to a large degree, is considered to be a timing variance. The remaining variance of approximately \$6.5 million is considered to be permanent.

7.4 The closing cash balance of Arctic Glacier as at June 1, 2012 was approximately \$5.3 million (approximately \$2.6 million in Canada and \$2.7 million in the U.S.). Draws on the DIP Facility to June 1, 2012 were \$23.1 million (approximately CDN\$11.5 million and US\$11.6 million).

7.5 Overall, during the Reporting Period, Arctic Glacier experienced a positive net cash flow variance of approximately \$25.0 million, relative to the Updated Cash Flow Forecast. Arctic Glacier's availability under the DIP Facility as at June 1, 2012 was approximately \$26.9 million, which is approximately \$23.9 million more than forecast.

7.6 Paragraph 5 of the Initial Order authorized 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.

8.0 UPDATED CASH FLOW FORECAST FOR THE THIRTEEN-WEEK PERIOD ENDING AUGUST 31, 2012

8.1 The Applicants, with the assistance of the Monitor, have prepared the Extended Cash Flow Forecast for the thirteen-week period June 2 to August 31, 2012 (the "**Extended Cash Flow Period**").

8.2 A copy of the Extended Cash Flow Forecast is attached to this report as **Appendix "F"**. For reference purposes, the Extended Cash Flow Forecast also includes the Canadian and

U.S. regional cash flow forecasts which form the consolidated Extended Cash Flow Forecast.

8.3 A summary of the Extended Cash Flow Forecast is set out in the table below.

Arctic Glacier Unaudited Summary of Extended Cash Flow Forecast (Notes 1 and 2) For the 13-Week Period Ending August 31, 2012 (US\$000's)			
	AG Companies (Consolidated)	Canadian Applicants	U.S. Applicants
Forecast Cash Inflow			
Customer collections	96,946	23,031	73,915
Forecast Total Receipts	96,946	23,031	73,915
Forecast Cash Outflow			
Supplier payments, vehicle, occupancy, selling and general	46,565	10,756	35,809
Payroll and benefits, including KERP	25,144	7,152	17,992
Insurance	-	-	-
Capital expenditures	6,353	-	6,353
Interest and financing fees	1,313	585	728
Professional fees	11,786	10,486	1,300
Total Forecast Outflow	91,161	28,979	62,182
Net Cash Flow, prior to DIP Financing	5,785	(5,948)	11,733
DIP financing - advances	6,000	4,000	2,000
Net Cash Flow	11,785	(1,948)	13,733
Cash, beginning of period (June 2, 2012)	5,278	2,612	2,666
Cash, end of period (August 31, 2012)	17,063	664	16,399
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.			
Note 2 The Extended Cash Flow Forecast has been prepared to August 31, 2012 to coincide with the proposed extension to the Stay.			

8.4 The Monitor notes the following with respect to the Extended Cash Flow Forecast:

- a) The Applicants have consolidated cash resources of approximately \$5.3 million at the commencement of the Extended Cash Flow Period, June 2, 2012. As previously reported, Senior Management has advised that the Company generally requires minimum cash reserves 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 Extended Cash Flow Period, the Applicants forecast a net cash inflow, prior to any DIP financing of approximately \$5.8 million, comprised of the following by geographic region:

Canada (net cash outflow) – (\$5.9) million

U.S. (net cash inflow) – \$11.7 million

- c) The Monitor notes that the second payment due under the KERP, being 25% of the total KERP obligation, was paid when due on the Phase 2 Bid Deadline (June 4, 2012) and is reflected in the Extended Cash Flow Forecast.
- d) The Extended Cash Flow Forecast reflects additional advances under the DIP Facility of \$6.0 million during the Extended Cash Flow Period, of which \$4.0 million is expected to be drawn by the Canadian Applicants, and \$2.0 million by the U.S. Applicants.
- e) Total advances under the DIP Facility by the end of the Extended Cash Flow Period are forecast to be \$29.0 million, \$15.5 million of which is forecast to be drawn by the Canadian Applicants and \$13.5 million of which is forecast to be drawn by the U.S. Applicants.
- f) The Extended Cash Flow Forecast includes the continued payment of debt service costs on the debt owing under the First Lien Credit Agreement, including default interest.
- g) Senior Management expects to fund the cash flow requirements of the Business with forecast cash resources and drawdowns under the DIP Facility.

h) The Monitor notes that the DIP Facility expires on August 8, 2012 and that the Extended Cash Flow Forecast does not take into account receipt of the proceeds of the Transaction which is anticipated to close on or before July 31, 2012. The receipt of such proceeds are not taken into account as the Purchase Price, and other financial terms of the APA, have been filed on a confidential basis and are subject to a request for a sealing order. It is the Monitor's intention to file an updated cash flow forecast subsequent to the closing of the Transaction. The Monitor notes that the proceeds of the Transaction will provide the estate with sufficient funds through the period of the requested Stay, and that expenses of the estate during this period will be largely limited to professional fees associated with post-closing matters.

9.0 THE MONITOR'S COMMENTS AND RECOMMENDATIONS

The APA and the Sale Transaction

9.1 The Monitor is of the view that the transaction contemplated by the APA with the Purchaser meets the factors set out in section 36(3) of the CCAA. The APA provides for a going concern sale of the Business that maintains operations. It provides for continued employment of the Applicants' existing employees, a continued customer for the Applicants' many suppliers and a continued source of supply for the Applicants' customers. The APA is subject to minimal conditions and reflects the fact that the Purchaser's financing is fully committed. The APA reflects the Applicants' efforts to obtain the best possible price for their assets through an extensive, court-approved, marketing process. The Monitor supervised the SISP and supervised the Financial Advisor's performance under its engagement with the Applicants and is satisfied that the

SISP was managed in accordance with its terms and that prospective purchasers and investors were provided a reasonable opportunity to participate in the process. In the Monitor's view, the SISP was carried out in a fair and transparent manner.

- 9.2 The APA contained the highest price received in the SISP for the Assets and had the fewest conditions to close. Accordingly, the Monitor recommended to the Special Committee that the APA was the most favourable bid received under the SISP and that it should be selected. The Financial Advisor and the CPS concurred with the Monitor's recommendations and the Special Committee accepted the recommendation.
- 9.3 It is the Monitor's view that the Purchase Price is fair and reasonable in light of the fact it resulted from a wide canvassing of the market pursuant to the court-approved SISP. It is also the Monitor's view that the Transaction, which provides for a going concern sale of the Business, is more beneficial to the Company's creditors and other stakeholders than a sale or disposition under a bankruptcy.
- 9.4 The Purchase Price is sufficient to satisfy the Lender Claims in full, any amounts that may be owing under any Court-ordered charges and the Company's known unsecured creditors in full, including any payments that may be required under section 36(7) of the CCAA. There may also be sufficient funds to permit a distribution to its unitholders after all creditor claims have been proven through a claims process.

The Confidential Appendix

- 9.5 The Applicants are seeking a sealing order for the Confidential Appendix, which contains a copy of the unredacted APA, the commitment letter, a summary of the bids and additional commercially sensitive information concerning the SISP. Disclosure of this

commercially sensitive information and/or the identities of the other bidders and the terms of their bids before Closing could negatively affect any future transaction with respect to the Applicants. As such, the Monitor supports the Applicants' request for an order sealing Confidential Appendix.

Extension of the Stay

- 9.6 The Applicants have requested an extension of the Stay to August 31, 2012. The Monitor agrees that an extension until that date is appropriate, as it is subsequent to the anticipated closing of the Transaction. The Extended Cash Flow Forecast filed by the Applicants demonstrates that the Applicants are projected to have sufficient liquidity to continue operations during the proposed extension of the requested Stay period. The Applicants continue to work with due diligence and in good faith. Accordingly, the Monitor recommends that this Honourable Court grant the Stay extension requested by the Applicants.

Post-Closing Matters

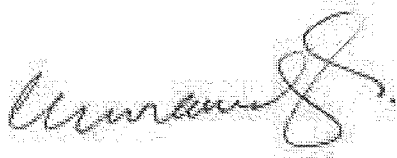
- 9.7 As it is contemplated by the APA that the Purchaser will offer employment to all of the Applicants' employees, there will be no employees or management remaining with the Applicants following the Closing the Transaction.
- 9.8 Given that the amount of the Purchase Price exceeds the Lender Claims, a claims process will be required to determine the existence and amounts of any unsecured claims. It is anticipated that a motion for such a claims process will be brought before this Honourable Court shortly after the Closing of the Transaction. Accordingly, it will be necessary for the Monitor to have access to the former employees, Senior Management

and the Company's books and records following the Closing of the Transaction to assist the Monitor in resolving claims filed in the claims process. It may also be necessary to have access to such individuals and information to assist in dealing with the Excluded Assets. The Monitor has discussed this issue with the Purchaser and understands that the Purchaser intends to work with the Monitor and the Applicants to put in place an arrangement to address these matters which arrangement will be brought before this Honourable Court for approval before the Closing of the Transaction.

9.9 For the foregoing reasons, the Monitor hereby respectfully recommends that this Honourable Court approve the APA and grant the relief sought by the Applicants.

All of which is respectfully submitted to this Honourable Court this 15th day of June, 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

APPENDIX “C”

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. AND ARCTIC GLACIER
INTERNATIONAL INC. and the ADDITIONAL APPLICANTS LISTED ON
SCHEDULE "A" HERETO"

(collectively, the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

CANADIAN VESTING AND APPROVAL ORDER
DATE OF HEARING: THURSDAY, JUNE 21, 2012 AT 10 A.M.
BEFORE THE HONOURABLE MADAM JUSTICE SPIVAK

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THE QUEEN'S BENCH
Winnipeg Centre

THE HONOURABLE MADAM)	THURSDAY, THE 21st
)	
JUSTICE SPIVAK)	DAY OF JUNE, 2012

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.
AND ARCTIC GLACIER INTERNATIONAL INC. and the
ADDITIONAL APPLICANTS LISTED ON SCHEDULE "A"
HERETO"

(collectively, the "**Applicants**")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C., c. C-36, AS AMENDED

CANADIAN VESTING AND APPROVAL ORDER

THIS MOTION, made by the Applicants for an order, among other things, approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement (the "**Asset Purchase Agreement**") between the Applicants and Glacier Valley Ice Company, L.P. (California) (together, the "**Vendors**"), as vendors, and H.I.G. Zamboni, LLC (the "**Purchaser**"), as purchaser, made as of June 7, 2012; vesting in the Purchaser the Vendors' right, title and interest in and to the assets described in the Asset Purchase Agreement (the "**Assets**"); and, extending the Stay Period defined in paragraph 30 of the Initial Order of the Honourable Madam Justice Spivak dated February 22, 2012 (the "**Stay Period**"), was heard this day at the Law Courts Building at 408 York Avenue, in The City of Winnipeg, in the Province of Manitoba.

ON READING the Affidavit of Keith McMahon sworn June 13, 2012 (the "**Affidavit**"), and the Fourth Report of Alvarez & Marsal Canada Inc. (the "**Monitor**") dated June 15, 2012 (the "**Fourth Report**"), and on hearing the submissions of counsel for the Monitor, the Applicants, the Purchaser, the Arctic Lenders, TD Bank and the US Direct Purchaser Antitrust Settlement Class, counsel for the Trustees of Arctic Glacier Income Fund also appearing, counsel for Centerbridge Partners L.P. appearing on a watching brief, representatives of Talamod Master Fund, L.P. and TD Securities Inc. also present in person or by telephone, and no one appearing for any other person, including the U.S. Department of Justice Antitrust Division and parties to Assigned Contracts that are being assigned pursuant to this Order, although properly served as appears from the Affidavit of Corrine Smorhay and the Affidavit of Kelly Peters, both sworn June 20, 2012, both filed:

1. THIS COURT ORDERS that all capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Asset Purchase Agreement.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Motion, the Affidavit, the Fourth Report and the supporting materials is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

SALE TRANSACTION

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Asset Purchase Agreement by the Vendors is hereby authorized and approved, with such minor amendments as the Vendors may deem necessary. The Vendors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Assets to the Purchaser or such other person(s) as the Purchaser may direct and the Monitor may agree.
4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "B" hereto (the "**Monitor's Certificate**"), all of the Vendors' right, title and interest in and to the Assets described in the Asset Purchase Agreement, including, without limitation, the Vendors' rights,

title and interest in and to any Assigned Contracts, including all leases of real property, shall vest, without further instrument of transfer or assignment, absolutely in the Purchaser or such other person(s) as the Purchaser may direct and the Monitor may agree (provided that no agreement will be required if such transfer is to an Affiliate that agrees to be jointly and severally liable with the Purchaser), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, options, warrants, trusts or deemed trusts (whether contractual, statutory, or otherwise), encumbrances, obligations, liabilities, demands, guarantees, restrictions, contractual commitments, rights, including without limitation, rights of first refusal and rights of set-off, liens, executions, levies, penalties, charges, or other financial or monetary claims, adverse claims, or rights of use, puts or forced sales provisions exercisable as a consequence of or arising from closing of the Transaction, whether arising prior to or subsequent to the commencement of these CCAA Proceedings, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise, actual or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, complaint, suit, investigation, dispute, petition or proceeding by or before any Governmental Authority or person at law or in equity whether imposed by agreement, understanding, law, equity or otherwise, and any claim or demand resulting therefrom including but not limited to Antitrust proceedings commenced by the U.S. Department of Justice and various State's Attorney Generals (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Spivak dated February 22, 2012 and any subsequent charges created by the Court (the "**Court Charges**"); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Manitoba) or any other personal property registry system; (iii) Excluded Liabilities as defined in the Asset Purchase Agreement; and (iv) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "D") and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Assets are hereby released, extinguished, expunged and discharged as against the Assets.

5. THIS COURT ORDERS that upon the registration in the applicable land registry office or land titles office of a Transfer/Deed of Land or equivalent document, or of an application for

registration of this vesting order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to enter the Purchaser (or such other person(s) as the Purchaser may direct and the Monitor may agree) (provided that no agreement will be required if such transfer is to an Affiliate that agrees to be jointly and severally liable with the Purchaser) as the owner of the subject real property in fee simple, and is hereby directed to delete and expunge from title to the real property any and all Claims and Encumbrances, including, without limitation, all of the Claims and Encumbrances listed in Schedule "C" hereto.

6. THIS COURT ORDERS that upon delivery of the Monitor's Certificate all of the rights and obligations of the Vendors under the Assigned Contracts (as defined in the Asset Purchase Agreement) shall be assigned to the Purchaser or such other person(s) as the Purchaser may direct and the Monitor may agree (provided that no agreement will be required if such transfer is to an Affiliate that agrees to be jointly and severally liable with the Purchaser) (the "**Assignee**") pursuant to section 2.12 of the Asset Purchase Agreement and pursuant to section 11.3 of the CCAA and remain in full force and effect for the benefit of the Purchaser in accordance with their respective terms.

7. THIS COURT ORDERS that the assignment of the rights and obligations of the Vendors under the Assigned Contracts to the Assignee pursuant to section 2.12 of the Asset Purchase Agreement and pursuant to this order is valid and binding upon all of the counterparties to the Assigned Contracts, without further documentation, as if the Assignee was a party to the Assigned Contracts, notwithstanding any restriction, condition or prohibition contained in any such Assigned Contracts relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.

8. THIS COURT ORDERS that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from these CCAA proceedings or the insolvency of the Vendors, or any failure of the Vendors to perform a non-monetary obligation under the Assigned Contracts, or as a result of any actions taken pursuant to or as a result of the Asset Purchase Agreement. All notices of default and demands given in connection with any such defaults under, or non-compliance with the Assigned Contracts shall be deemed to have been rescinded and shall be of no further force or effect.

9. THIS COURT ORDERS that as a condition of the closing of the Transaction, all existing monetary defaults in relation to the Assigned Contracts, other than those arising by reason of the Vendors' insolvency, the commencement of these CCAA Proceedings, or the Vendors' failure to perform a non-monetary obligation, shall be paid in accordance with section 2.12 of the Asset Purchase Agreement.

10. THIS COURT ORDERS that notwithstanding anything contained in this order, nothing shall derogate from the obligations of the Purchaser (or such other person(s) as the Purchaser may direct and the Monitor may agree) (provided that no agreement will be required if such transfer is to an Affiliate that agrees to be jointly and severally liable with the Purchaser) to assume the Assumed Liabilities, including the Assumed Accounts Payable, and to perform its obligations under the Assigned Contracts, as set out the Asset Purchase Agreement.

11. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

12. THIS COURT ORDERS that the Monitor shall, in accordance with the provisions of the SISP (as defined in the Affidavit), be authorized and directed to pay to the Arctic Lenders (as defined in the Asset Purchase Agreement) from the net proceeds of the sale of the Assets an amount sufficient to pay the Lender Claims (as defined in the SISP and as calculated on the closing of the Transaction) in full and in cash, as specified in a pay-out letter to be provided by the Arctic Lenders on or before the closing of the Transaction. Such payment shall be made concurrently with, and as a condition precedent to, the closing of the Transaction. The balance of the net proceeds of the sale of the Assets shall be held by the Monitor in accordance with the terms hereof or any further order of the Court; provided that the Monitor may pay any amounts owing from time to time to persons who are entitled to the benefit of a Court Charge.

13. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any equivalent legislation in any other jurisdiction applicable, the Vendors are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendors' records pertaining to the Vendors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendors.

15. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of and of the Vendors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of and of the Vendors;

the vesting of the Assets in the Purchaser (or such other person(s) as the Purchaser may direct and the Monitor may agree) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendors and shall not be void or voidable by creditors of the Vendors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

16. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other jurisdiction in which all or any part of the Assets are located.

17. THIS COURT ORDERS AND DECLARES that nothing in this Order or the Asset Purchase Agreement discharges, releases, or precludes any environmental liability under United

States law to the United States or any department, agency, or instrumentality thereof (each, a "U.S. Governmental Unit") of any entity based on its ownership or operation after the Time of Closing (as defined in the Asset Purchase Agreement) of real property. Nor shall anything in this Order enjoin or otherwise bar a U.S. Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence.

18. THIS COURT ORDERS that any interested party served with notice of this motion after Friday, June 15, 2012, including those additional parties identified by the Purchaser as parties to receive service after the issuance of this Order, may apply to this Court by notice of motion served on or before July 3, 2012 for hearing on July 12, 2012 to vary or amend this Order other than paragraph 12 hereof. Service on such parties in such manner is hereby validated. If no such application is brought on or before July 3, 2012, this Order shall be deemed effective, nunc pro tunc, and without such further right of comeback, as against such parties.

STAY EXTENSION

19. THIS COURT ORDERS that the Stay Period is hereby extended until and including September 14, 2012.

MONITOR'S REPORT AND ACTIVITIES

20. THIS COURT ORDERS that the Third Report of the Monitor dated May 14, 2012 and the Fourth Report and the activities described therein are hereby approved.

SEALING

21. THIS COURT ORDERS that the Confidential Appendix to the Fourth Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

22. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the United States Bankruptcy Court for the District of Delaware, to give effect to this Order and

to assist the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

23. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada.

June 21, 2012

J

SCHEDULE "A" - Additional 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.
ICESurance 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.

Schedule B – Form of Monitor’s Certificate

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.
AND ARCTIC GLACIER INTERNATIONAL INC. and the
ADDITIONAL APPLICANTS LISTED ON SCHEDULE “A”
HERETO”

(collectively, the “**Applicants**”)

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Madam Justice Spivak of the Manitoba Court of Queen’s Bench (the “**Court**”) dated February 22, 2012, Alvarez & Marsal Canada Inc. was appointed as the monitor (the “**Monitor**”) in the Applicants’ proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

B. Pursuant to an Order of the Court dated June 21, 2012 (the “**Canadian Vesting and Approval Order**”), the Court approved an asset purchase agreement made as of June 7, 2012 (the “**Asset Purchase Agreement**”) between the Applicants and Glacier Valley Ice Company, L.P. (California) (together, the “**Vendors**”), as vendors, and H.I.G. Zamboni, LLC (the “**Purchaser**”), as purchaser, and provided for the vesting in the Purchaser of all of the Vendors’ right, title and interest in and to the Assets described in the Asset Purchase Agreement, including, without limitation, the Vendors’ rights, title and interest in and to any Assigned Contracts (as defined therein), including all leases of real property, which vesting is to be effective with respect to the Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assets; (ii)

that the conditions to Closing as set out in the Asset Purchase Agreement have been satisfied or waived by the Vendors and the Purchaser, respectively; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Asset Purchase Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Vendors have received the Purchase Price for the Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The conditions to Closing as set out in the Asset Purchase Agreement have been satisfied or waived by the Vendors and the Purchaser, respectively; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at ____[_ TIME_] on ____[_ DATE].

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor, and not in its personal or
corporate capacity**

Per: _____
Name:
Title:

Schedule C – Claims to be deleted and expunged

REAL PROPERTY ENCUMBRANCES TO BE DISCHARGED

A. OWNED PROPERTY

1. 12132 & 12136 - 121 A Street, Edmonton, Alberta, T5L 0A4

(a) Title No.: 012 170 358

Legal Description: Plan RN64, Block 24, Lot 8 excepting thereout the Westerly 10 feet throughout of the said lot, excepting thereout all mines and minerals.

Municipality: City of Edmonton

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
992 255 839	27/08/1999	Mortgage	Montreal Trust Company

(b) Title No.: 012 170 700

Legal Description: Plan RN64, Block 24, Lots 9 and 10 excepting thereout the most Westerly 10 feet in uniform width throughout said lots, taken for lane, as shown on Road Plan 2199NY excepting thereout all mines and minerals.

Municipality: City of Edmonton

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
992 255 839	27/08/1999	Mortgage	Montreal Trust Company

2. 412 - 41 Avenue N.E. Calgary, Alberta, T2E 2N3

(a) Title No.: 981 406 325

Legal Description: Plan Calgary 7410938, Block 13, that portion of Lot "A", which lies to the west of the easterly Fifty Four and Thirty Hundredths (54.30) metres in perpendicular width throughout containing 0.203 hectare more or less, excepting thereout all mines and minerals

Municipality: City of Calgary

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
991 250 891	31/08/1999	Mortgage	Montreal Trust Company

3. 625 Henry Avenue, Winnipeg, Manitoba, R3A 0B1
(a) Winnipeg Land Titles Office Title No.: 2028565/1

Legal Description: Parcels A to E Plan 42917 WLTO

Said Parcel A being together with a right-of-way for all purposes and as appurtenant to the land above described over and upon Parcel 2 Plan 2547 WLTO in RL 35 Parish of St. John.

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
2410597/1	1999/08/25	Mortgage	Montreal Trust Company

(b) Winnipeg Land Titles Office Title No.: 2030254/1

Legal Description: Firstly: Lot 3 and all those portions of Lots 1 and 2 Block 41 Plan No. 331 WLTO (W Div) lying to the NW of those portions of said Lots 1 and 2 shewn as Parcel 2 Plan No. 2547 WLTO Lot 35 Parish of St. John

Secondly: All those portions of said Lots 1 and 2 shewn as Parcel 2 on said Plan No. 2547 WLTO subject to a right-of-way for all purpose and as appurtenant to that portion of said Lot 1, lying to the SE of said Parcel 2 and appurtenant to Block 7 Plan 94 WLTO (W Div) over and upon the whole of said Parcel 2.

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
3075752/1	2004/12/10	Mortgage	Computershare Trust Company of Canada

(c) **Winnipeg Land Titles Office Title No.:** 2030253/1

Legal Description: ELY 20 feet of Lot 4 Block 41 Plan 331 WLTO (W Div) in RL 35 Parish of St John.

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
3075752/1	2004/12/10	Mortgage	Computershare Trust Company of Canada

4. **200 Statesman Drive, Mississauga, Ontario, L5S 1X7**

(a) **Land Registry Office #43, Parcel Register for Property Identifier:** 14029-1139 (LT)

Legal Description: Parcel Block 33-1, Section 43M-957; Block 33, Plan 43M957, together with Part Lot 11, Concession 1, East of Hurontario Street, Part 4, Plan 43R16717 as in TT81032; subject to LT1098087 Mississauga

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type	Description
LT1098091Z	1990/02/12	Application to Annex Restrictive Covenants	Lostrock Corp.
LT1979090	1999/08/23	Charge	From 1179554 Ontario Inc. to Montreal Trust Company
PR180019	2001/12/14	Transfer	From 1394332 Ontario Inc. to The Arctic Group Inc.
PR255417	2002/06/04	APL Ch Name Owner	From The Arctic Group Inc. to Arctic Glacier Inc.

5. **6 McKinstry Street, Hamilton, Ontario, L8L 6C1**

(a) **Land Registry Office #62, Parcel Register for Property Identifier:** 17192-0005 (LT)

Legal Description: Part Reserve 3, Survey 32, as in AB319263; Part Reserve 3, Survey 32, Part 1, 62R9795; Part Reserve 3, Survey 32, Part 2, 62R7060, except Part 1, 62R7413; Reserving Minerals in CD306923; together with access over Part 1 on 62R7413, as in CD305159; Hamilton

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type	Description
LT566928	1999/08/23	Deed Trust Mort	From 1334202 Ontario Inc. to Montreal Trust Company
WE70318	2001/12/13	Transfer	From 1394332 Ontario Inc. to The Arctic Group Inc.
WE98279	2002/06/04	APL Ch Name Owner	From The Arctic Group Inc. to Arctic Glacier Inc.

6. 745 Park Avenue W., Chatham, Ontario, N7M 1X3

(a) Land Registry Office #24, Parcel Register for Property Identifier: 00527-0044 (LT)

Legal Description: Part of Lot 20, Concession 1 Eastern Boundary Raleigh as in 590170, except Part 1, 24R6402; together with 590170; subject to 495938, 495939; Chatham-Kent

Registered Owner: Arctic Glacier Inc.

Encumbrances:

Registration No.	Date	Instrument Type	Description
593547	1999/08/23	Deed Trust Mort	From 1334202 Ontario Inc. to Montreal Trust Company
595536	1999/11/04	Deed Trust Mort	From 1334202 Ontario Inc. to Montreal Trust Company
612238	2001/12/12	Transfer	From 1394332 Ontario Inc. to The Arctic Group Inc.
CK43065	2010/02/18	APL Ch Name Owner	From The Arctic Group Inc. to Arctic Glacier Inc.
CK43433	2010/03/03	APL (General)	Arctic Glacier Inc.

7. 2655 – 2677 Reading Street, Montreal, Quebec, H3K 1P6

- (a) **Description:** An immovable property fronting on Reading Street, in the City of Montreal, Province of Quebec, known and designated as lot number ONE MILLION THREE HUNDRED AND EIGHTY-TWO THOUSAND THREE HUNDRED AND FIFTY-FIVE (1 382 355) of the Cadastre of Quebec, Registration Division of Montreal.

With the building thereon erected bearing civic numbers 2655, 2675 and 2677 Reading Street, City of Montreal, Province of Quebec.

Registered Owner: Arctic Glacier Inc. Deed of Transfer registered under number 5 293 999 on October 12, 2001.

Hypothecs and Encumbrances:

- i. Deed of Hypothec and Issue of Bonds executed before Mtre. Jean Mousseau, Notary, on August 19, 1999 and registered on August 20, 1999 under number 5 118 118 by 3149030 Canada Limited in favour of Montreal Trust Company for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum and an additional hypothec in the amount of \$100,000,000.
- ii. Deed of Hypothec and Issue of Bonds executed before Mtre. Steve Collins, Notary, on March 22, 2002 and registered on the same day under number 5 331 878 by Arctic Glacier Inc. in favour of Computershare Trust Company of Canada for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum.
- iii. Supplemental Deed of Hypothec executed before Me Tamar Chamelian, Notary, on February 8, 2010 and registered on the same day under number 16 919 886 by Arctic Glacier Inc. in favour of Computershare Trust Company of Canada for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum.

8. 2760 Reading Street, Montreal, Quebec, H3K 1P6

- (a) **Description:** An immovable property fronting on Reading Street, in the City of Montreal, Province of Québec, known and designated as lot number ONE MILLION THREE HUNDRED AND EIGHTY-TWO THOUSAND THREE HUNDRED AND THIRTEEN (1 382 313) of the Cadastre of Québec, Registration Division of Montreal.

With a building thereon erected bearing civic number 2760 Reading Street, City of Montreal, Province of Québec.

Registered Owner: Arctic Glacier Inc. Deed of Transfer registered under number 5 293 999 on October 12, 2001.

Hypothecs and Encumbrances:

- i. Deed of Hypothec and Issue of Bonds executed before Mtre. Jean Mousseau, Notary, on August 19, 1999 and registered on August 20, 1999 under number 5 118 118 by 3149030 Canada Limited in favour of Montreal Trust Company for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum and an additional hypothec in the amount of \$100,000,000.
- ii. Deed of Hypothec and Issue of Bonds executed before Mtre. Steve Collins, Notary, on March 22, 2002 and registered on the same day under number 5 331 878 by Arctic Glacier Inc. in favour of Computershare Trust Company of Canada for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum.
- iii. Supplemental Deed of Hypothec executed before Me Tamar Chamelian, Notary, on February 8, 2010 and registered on the same day under number 16 919 886 by Arctic Glacier Inc. in favour of Computershare Trust Company of Canada for an amount of \$ 500,000,000.00 bearing interest at the rate of 25% per annum.

B. LEASED PROPERTY

1. 9679 (also known as 9669) 186th Street, Surrey, British Columbia, V4N 3N8

(a) New Westminster Land Title Office Title No.: AA60615E

Legal Description: Parcel Identifier: 007-144-431. Lot A (AA60615) District Lot 99 Group 2 New Westminster District Plan 54762.

Registered Owner: Shogun Compu-Time Ltd.

Encumbrances:

Registration No.	Date	Instrument Type/ Description	From/By
BT97364 (of Lease BT97363)	2002-03-25	Mortgage, transferred to BT130238	Computershare Trust Company of Canada (Inc. No. A52313)

2. 1625 McAra Street, Regina, Saskatchewan, S4N 6H4

(a) Title No.: 139229321

Legal Description: Lot K Blk/Par 96 Plan No. 87R08061 Extension 0 as described on Certificate of Title 87R08068.

Registered Owners: Cynthia Hughes, James Hughes, Darlene Panchuk and Clayton Panchuk

Encumbrances:

Interest No./ Int. Register No.	Date	Instrument Type/ Description	From/By
151304183 100851612	26 May 1998	Personal Property Security Interest	RoyNat
151304172 100851601	26 Aug 1999	Personal Property Security Interest	Montreal Trust Company
153713718 117035883	17 Dec 2010	Mortgage of Lease	Arctic Glacier Inc. to Computershare Trust Company of Canada
153736768 117041914	21 Dec 2010	Mortgage of Lease	Arctic Glacier Inc. to Computershare Trust Company of Canada

(b) Title No.: 139229376

Legal Description: Lot K Blk/Par 96 Plan No. 87R08061 Extension 0 as described on Certificate of Title 87R08068.

Registered Owners: Cynthia Hughes, James Hughes, Darlene Panchuk and Clayton Panchuk

Encumbrances:

Interest No./ Int. Register No.	Date	Instrument Type/ Description	From/By
151304251 100851612	26 May 1998	Personal Property Security Interest	RoyNat
151304240 100851601	26 Aug 1999	Personal Property Security Interest	Montreal Trust Company
153713729 117035883	17 Dec 2010	Mortgage of Lease	Arctic Glacier Inc. to Computershare Trust Company of Canada
153736779 117041914	21 Dec 2010	Mortgage of Lease	Arctic Glacier Inc. to Computershare Trust Company of Canada

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Reservations, limitations, provisos and conditions expressed in any original grant from any Governmental Authority.
2. Liens for Taxes, local improvements, assessments or governmental charges or levies not at the time due or delinquent.
3. Applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, other agreements, building and other restrictions, easements, servitudes, rights of way and licences affecting the use or value of the Lands which do not materially impair the use or value of the Lands affected thereby as presently used.
4. Defects or irregularities in title to the Lands affecting the use or value of the Lands which do not materially impair the use or value of the Lands affected thereby as presently used.
5. Any matters which might be revealed by (i) an up-to-date survey of any Lands; or (ii) an inspection and/or site investigation of any owned Lands together with any errors in the survey, which do not materially impair the use or value of the Lands affected thereby as presently used.
6. Any rights of expropriation, access or use, or any other similar rights conferred or reserved by or in any statute of Canada or any province or territory thereof or of the United States or any state, jurisdiction, territory or possession thereof.
7. Undetermined, inchoate or statutory Liens (including the Liens of public utilities, workers, suppliers of materials, builders, contractors, architects and unpaid vendors of moveable property) incidental to the current operation of the Lands which relate to obligations not yet due or delinquent and which have not been registered in accordance with Applicable Law.

APPENDIX “D”

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. AND ARCTIC GLACIER
INTERNATIONAL INC. and the ADDITIONAL APPLICANTS LISTED ON
SCHEDULE "A" HERETO"

CERTIFIED COPY
of

(collectively, the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

ORDER

DATE OF HEARING: WEDNESDAY, JUNE 27, 2012 AT 2:00 P.M.
BEFORE THE HONOURABLE MADAM JUSTICE SPIVAK

McCARTHY TÉTRAULT LLP

Barristers and Solicitors
Suite 5300, Box 48
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, ON M5K 1E6

Kevin McElcheran

Tel: (416) 601-7730
Fax: (416) 868-0673
Law Society No. 22119H

Heather L. Meredith

Tel: (416) 601-8342
Fax: (416) 868-0673
Law Society No. 48354R

File No. 10671373

Box No. 3

**AIKINS, MacAULAY &
THORVALDSON LLP**

30th Floor – 360 Main Street
Winnipeg, MB R3C 4G1

G. Bruce Taylor

Tel: (204) 957-4669
Fax: (204) 957-4218

J.J. Burnell

Tel: (204) 957-4663
Fax: (204) 957-4285

File No.: 1103500

THE QUEEN'S BENCH
Winnipeg Centre

THE HONOURABLE MADAM)	WEDNESDAY, THE 27th
)	
JUSTICE SPIVAK)	DAY OF JUNE, 2012

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.
AND ARCTIC GLACIER INTERNATIONAL INC. and the
ADDITIONAL APPLICANTS LISTED ON SCHEDULE "A"
HERETO"

(collectively, the "**Applicants**")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C., c. C-36, AS AMENDED

CERTIFIED COPY
of **ORDER**

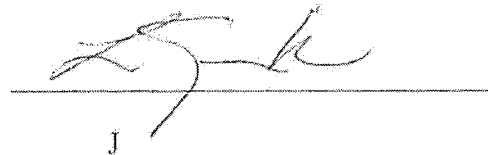
THIS MOTION, made by the Applicants for an order, among other things, removing from the public record Schedule 1.01(B) to a certain Asset Purchase Agreement attached as an Exhibit to the Affidavit of Keith McMahon in these proceedings sworn June 13, 2012 was heard this day at the Law Courts Building at 408 York Avenue, in The City of Winnipeg, in the Province of Manitoba.

ON READING the Affidavit of Keith McMahon sworn June 13, 2012 (the "**June McMahon Affidavit**") and the Affidavit of Keith McMahon sworn June 26, 2012 (the "**McMahon Affidavit**"), and on hearing the submissions of counsel for the Applicants and for the Monitor and on being advised that the within Notice of Motion and the McMahon Affidavit were served electronically on the Monitor on June 26, 2012 and that no other person has been served:

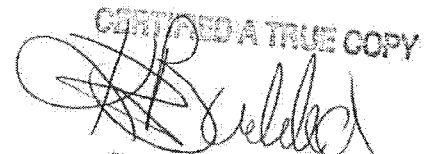
1. THIS COURT ORDERS AND DECLARES that the time for service of this motion is abridged, this motion is properly returnable today and further service of this motion is hereby dispensed with.

2. THIS COURT ORDERS that Schedule 1.01(B) to the Asset Purchase Agreement (the "**Asset Purchase Agreement**") between the Applicants and Glacier Valley Ice Company, L.P. (California), as vendors, and H.I.G. Zamboni, LLC, as purchaser, made as of June 7, 2012, which Schedule formed part of the redacted Asset Purchase Agreement attached as Exhibit A to the June McMahon Affidavit filed in these proceedings shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

June 27, 2012



J

CERTIFIED A TRUE COPY

DEPUTY REGISTRAR

SCHEDULE "A" - Additional 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.
ICEsurance 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 “E”

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
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FUND, ARCTIC GLACIER INC. AND ARCTIC GLACIER
INTERNATIONAL INC. and the ADDITIONAL APPLICANTS LISTED ON
SCHEDULE "A" HERETO"

(collectively, the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

CERTIFIED COPY

**of
ORDER**

DATE OF HEARING: THURSDAY, JUNE 28, 2012 AT 3:50 P.M.
BEFORE THE HONOURABLE MADAM JUSTICE SPIVAK

McCARTHY TÉTRAULT LLP
Barristers and Solicitors
Suite 5300, Box 48
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, ON M5K 1E6

Kevin McElcheran
Tel: (416) 601-7730
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File No.: 1103500

THE QUEEN'S BENCH
Winnipeg Centre

THE HONOURABLE MADAM)	THURSDAY, THE 28th
)	
JUSTICE SPIVAK)	DAY OF JUNE, 2012

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.
AND ARCTIC GLACIER INTERNATIONAL INC. and the
ADDITIONAL APPLICANTS LISTED ON SCHEDULE "A"
HERETO"

(collectively, the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C., c. C-36, AS AMENDED

ORDER

THIS MOTION, made by the Applicants for an order, among other things, unsealing the purchase price (the "Purchase Price") provided for in that certain Asset Purchase Agreement between the Applicants and Glacier Valley Ice Company, L.P. (California), as vendors, and H.I.G. Zamboni, LLC, as purchaser (the "Purchaser"), made as of June 7, 2012 (the "Asset Purchase Agreement"), was heard this day at the Law Courts Building at 408 York Avenue, in The City of Winnipeg, in the Province of Manitoba.

ON READING a draft of the affidavit evidence to be filed herein and upon the undertaking of counsel to the Applicants to forthwith file with this Honourable Court sworn evidence consistent with the said draft affidavit, the Affidavit of Neil Winther sworn June 28, 2012 having been accordingly filed prior to the signing of this Order, and on hearing the submissions of counsel for the Applicants and for CPPIB Credit Investments Inc. and West Face

Capital Inc. (the “Arctic Lenders”) and on being advised that the Monitor and the Purchaser consent to the granting of the Order requested herein, and on being further advised that the within Notice of Motion and the draft affidavit were provided electronically to the Monitor, the Purchaser and the Arctic Lenders on June 28, 2012 and that no other person has been served:

1. THIS COURT ORDERS AND DECLARES that the time for service of this motion is abridged, this motion is properly returnable today and further service of this motion is hereby dispensed with.

2. THIS COURT ORDERS that the Purchase Price provided for in the Asset Purchase Agreement, including the allocation thereof, which information was included in information sealed by Order of this Honourable Court made on June 21, 2012, be and is hereby unsealed such that the Purchase Price and the allocation thereof may be disclosed publicly.

June 28, 2012

Journal

CERTIFIED A TRUE COPY
Amiles
 DEPUTY REGISTRAR

SCHEDULE "A" - Additional 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.
ICEsurance 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 “F”

ARCTIC GLACIER INCOME FUND

Arctic Glacier Income Fund Provides Market Update Regarding Its Proposed Sale Transaction

WINNIPEG – June 28, 2012 – Arctic Glacier Income Fund (CNSX: AG.UN) (“Arctic Glacier”) today provided an update on the proposed sale of substantially all of its business and assets (the “Transaction”) to an affiliate of H.I.G. Capital.

The Transaction will be carried out by way of a court approved sale under the Companies’ Creditors Arrangement Act (“CCAA”). The agreement and completion of the Transaction remain subject to court approval in the United States and the satisfaction of certain closing conditions customary in transactions of this nature, including the absence of a material adverse change in respect of Arctic Glacier. The Transaction is expected to close by no later than July 31, 2012.

As previously disclosed, on closing, all of the employees of Arctic Glacier will be offered employment and the company’s head office will remain in Winnipeg. The purchaser will assume Arctic Glacier’s current trade payables and all of its leases and certain contractual obligations. Based upon a total purchase price of US\$434.5 million (subject to a customary closing working capital adjustment and other adjustments), Arctic Glacier’s existing secured lenders will be paid in full on closing and Arctic Glacier expects that the net proceeds of the sale will be sufficient to pay all of its remaining known creditors and may be sufficient to permit a distribution to its unitholders after all creditor claims have been proven and satisfied pursuant to a court-ordered claims process. The timing and amount of any distributions to creditors and unitholders cannot be determined at this time.

Forward-Looking Statements

Certain statements included herein constitute “forward-looking statements”. All statements, other than statements of historical fact, included in this release that address future activities, events, developments or financial performance are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future” or “continue” or the negative thereof or similar variations. In particular, statements about the proposed Transaction, including the expected timetable for completing the Transaction and the receipt of court and other approvals are or involve forward-looking information. These forward-looking statements are based on certain assumptions and analyses made by Arctic Glacier and its management, in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Investors are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties, assumptions and other factors, many of which are outside the control of H.I.G. and Arctic Glacier, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those expressed

or implied by such forward-looking statements include, among other things, the parties' ability to consummate the Transaction; the parties' ability to satisfy the conditions to the completion of the Transaction, including that the receipt of court approval, or regulatory approval for the Transaction may not be obtained, or may not be obtained on the terms expected or on the anticipated schedule; general economic and market factors (including changes in global, national or regional financial, credit, currency or securities markets), changes or developments in global, national or regional political conditions (including any act of terrorism or war), changes in government laws or regulations (including tax laws) and changes in GAAP or regulatory accounting requirements. Readers are cautioned that the foregoing lists are not exhaustive. Such forward-looking statements should, therefore, be construed in light of such factors. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein. All forward-looking statements attributable to Arctic Glacier, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements set forth above. Readers are cautioned not to place undue reliance on forward-looking statements contained herein, which reflect the analysis of the management of Arctic Glacier, as appropriate, only as of the date of this release. For more information regarding these and other risks, readers should consult Arctic Glacier's reports on file with applicable securities regulatory authorities accessible online by going to SEDAR at www.sedar.com or by going to the Arctic Glacier website at www.arcticglacier.com. Arctic Glacier is under no obligation, and Arctic Glacier expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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 47 distribution facilities across Canada and the northeast, central and western United States servicing more than 75,000 retail locations. Arctic Glacier Income Fund trust units are listed on the Canadian National Stock Exchange under the trading symbol AG.UN. There are 350.3 million trust units outstanding.

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