

**FIRST AMENDMENT TO LOAN AGREEMENT AND CONSENT**

**THIS FIRST AMENDMENT TO LOAN AGREEMENT AND CONSENT** is dated as of March 30, 2011 (this "Amendment") and is entered into between Arctic Glacier Inc. and Arctic Glacier International Inc., as borrowers (the "Borrowers"), CPPIB Credit Investments Inc., as administrative agent (the "Agent"), the lenders party hereto, as lenders (the "Lenders") and the subsidiaries of the Borrowers party hereto, as guarantors (the "Guarantors");

**WHEREAS** the Borrowers, the Lenders from time to time party thereto, the Guarantors and the Agent are parties to a Loan Agreement dated as of February 10, 2010 (the "Loan Agreement");

**AND WHEREAS** the Borrowers have advised the Agent and the Lenders of a proposed settlement relating to certain U.S. class action litigation against the Borrowers and the Fund brought by direct purchasers of packaged ice and proposed settlements related to certain other U.S. and Canadian litigation (the "Proposed Settlements") and have requested that the Lenders consent to the Borrowers, the Guarantors and the Fund entering into and the payment of the Proposed Settlements;

**AND WHEREAS** the Borrowers have requested that the Lenders agree to certain additional amendments to the Loan Agreement;

**AND WHEREAS** the Lenders have agreed to consent to the Proposed Settlements and to the additional amendments subject to the other amendments, terms and conditions contained herein;

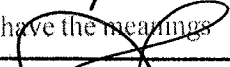
**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

This is Exhibit Y referred to in the Affidavit of Keith McMahon

**ARTICLE 1  
INTERPRETATION**

SWORN before me this 21<sup>st</sup> day of February, A.D. 2012

Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

  
A Commissioner for Oaths / Notary Public  
in and for the Province of Manitoba  
My Commission expires

**ARTICLE 2  
AMENDMENTS TO LOAN AGREEMENT**

Subject to the satisfaction of each of the conditions set forth in this Amendment, and in reliance on the representations, warranties, covenants and agreements contained in this Amendment, the Loan Agreement is hereby amended as follows:

**2.1 Additional Definitions**

Section 1.1 of the Loan Agreement is hereby amended by adding the following definitions in alphabetical order:

**"First Amendment"** means the First Amendment to Loan Agreement and Consent dated as of March 30, 2011 among the Borrowers, the Guarantors, the Agent and the Lenders;

**"Future Settlements"** means the settlement of all U.S. and Canadian anti-trust, securities and class action litigation proceedings outstanding as of the date of the First Amendment other than the U.S. Direct Purchaser Class Action (United States District Court Eastern District of Michigan Southern Division);

“U.S. Direct Purchaser Class Action” means all claims that are related to the subject matter of the direct purchaser plaintiff lawsuit styled *In Re Packaged Ice Antitrust Litigation*, Case No. 08-MD-01952;

“U.S. Direct Purchaser Settlement” means the settlement agreement between direct purchaser plaintiffs and defendants Arctic Glacier Income Fund, Arctic Glacier Inc. and Arctic Glacier International Inc. relating to the U.S. Direct Purchaser Class Action;”

**2.2 Amendment to Interest Coverage Ratio Covenant**

Section 6.2.1 of the Loan Agreement is hereby amended by deleting such section in its entirety and replacing it with the following:

“Ensure that as at the end of each Fiscal Quarter, the Interest Coverage Ratio in respect of the immediately preceding Four Quarter Period, is not less than the ratio set out below opposite the applicable test period:

<b>Fiscal Quarter</b>	<b>Interest Coverage Ratio</b>
Fiscal Quarter ending March 31, 2011 to the Fiscal Quarter ending December 31, 2011	1.15:1.00
Fiscal Quarter ending March 31, 2012 and thereafter	1.25:1.00

**2.3 Amendment to Leverage Ratio Covenant**

Section 6.2.2 of the Loan Agreement is hereby amended by deleting the table in such section and replacing it with the following:

<b>Fiscal Quarter</b>	<b>Leverage Ratio</b>
Fiscal Quarter ending March 31, 2011	4.90:1.00
Fiscal Quarter ending June 30, 2011	5.25:1.00
Fiscal Quarter ending September 30, 2011 and Fiscal Quarter ending December 31, 2011	4.50:1.00
Fiscal Quarter ending March 31, 2012	5.00:1.00
Fiscal Quarter ending June 30, 2012 to the Fiscal Quarter ending June 30, 2013	3.75:1.00
Thereafter	3.50:1.00

**2.4 Amendment to the Fixed Charge Coverage Ratio Definition**

Section 1.1.40 of the Loan Agreement is hereby amended by adding the following to the end of item (e):

“ and excluding all payments made pursuant to the U.S. Direct Purchaser Settlement and the Future Settlements up to an aggregate amount of \$18,500,000”

**2.5 Amendment to Minimum Consolidated EBITDA Covenant**

Section 6.2.4 of the Loan Agreement is hereby amended by deleting such section in its entirety and replacing it with the following:

“Ensure that the Canadian Borrower maintains a minimum Consolidated EBITDA equal to the amount set out below opposite the applicable test period, to be tested at the end of each Fiscal Quarter in respect to the immediately preceding Four Quarter Period:

<b>Fiscal Quarter</b>	<b>Minimum Consolidated EBITDA</b>
Fiscal Quarter ending March 31, 2011 to Fiscal Quarter ending March 31, 2012	\$45,000,000
Thereafter	\$48,000,000

**2.6 Amendment to Minimum Liquidity Covenant**

Section 6.2.5 of the Loan Agreement is hereby amended by adding the following sentence to the end of such section:

“Notwithstanding the above, the Borrowers shall no longer be required to comply with this Section 6.2.5 commencing on the date that the Senior Credit Agreement is amended to reduce the availability thereunder by \$10,000,000.”

**2.7 Amendment to PIK Interest Rate**

Section 1.1.129 of the Loan Agreement is hereby amended by deleting the reference to “1%” and replacing it with “2%”.

**2.8 Amendment to Prepayment Premium**

2.8.1 Section 1.1.133 of the Loan Agreement is hereby amended by deleting the table in such section and replacing it with the following:

<b>Period</b>	<b>Prepayment Premium</b>
March 30, 2011 up to and including March 31, 2012	7% of the Principal Amount
March 31, 2012 up to and including March 31, 2013	5% of the Principal Amount
March 31, 2013 and thereafter (including on the Maturity Date)	3% of the Principal Amount

2.8.2 Section 3.4 of the Loan Agreement is hereby amended by adding the words “including for greater certainty, the Prepayment Premium” after the words “other amounts payable hereunder” in the first sentence of such section.

**2.9 Amendment to Reporting Requirements**

Section 6.3 of the Loan Agreement is hereby amended by adding the following new section 6.3.8:

“**Monthly Statements.** As soon as available and in any event within forty-five (45) days after the end of each month, the unaudited consolidated financial statements (including, at minimum, a balance sheet, income statement, and statement of cash flow) of the Fund for such month, all prepared in accordance with GAAP.”

**ARTICLE 3  
CONSENTS**

Subject to the satisfaction of each of the applicable conditions set forth in this Article and in Article 5 of this Amendment, and in reliance on the representations, warranties, covenants and agreements contained in this Amendment, the Lenders hereby provide the following consent:

**3.1 Consent to U.S. Direct Purchaser Settlement**

Pursuant to Section 6.4.21 of the Loan Agreement, the Lenders hereby consent to (i) the entering into by the Borrowers and the Fund of the U.S. Direct Purchaser Settlement and (ii) payments being made by the Borrowers and the Fund pursuant to and on the terms of the U.S. Direct Purchaser Settlement. The consent provided in this Section 3.1 is subject to the following conditions:

- (a) the final version of the U.S. Direct Purchaser Settlement shall be substantially the same as the version disclosed to the Lenders prior to the date of this Amendment, unless otherwise approved by the Majority Lenders, and the Borrowers shall provide an executed version of the U.S. Direct Purchaser Settlement promptly upon execution thereof; and
- (b) the aggregate amounts paid by the Borrowers, the Fund or any Guarantor under the U.S. Direct Purchaser Settlement shall not exceed \$12,500,000 plus interest as provided for in the U.S. Direct Purchaser Settlement.

### 3.2 Consent to Future Settlements

Pursuant to Section 6.4.21 of the Loan Agreement, the Lenders hereby consent to (i) the entering into by the Borrowers, the Fund or any Guarantor of the Future Settlements and (ii) payments being made by the Borrowers, the Fund or any Guarantor under such Future Settlements. The consent provided in this Section 3.2 is subject to the following conditions:

- (a) the Borrowers shall provide the Lenders with draft copies of any Future Settlements (individually in an amount in excess of \$500,000) not less than 10 days prior to entering into such Future Settlements and shall provide the Lenders with executed versions promptly upon execution thereof; and
- (b) the aggregate amounts paid by the Borrowers, the Fund or any Guarantor under the U.S. Direct Purchaser Settlement and any Future Settlements shall not exceed \$18,500,000.

## ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

### 4.1 Representations and Warranties

Each of the Obligors represents and warrants that the representation and warranties contained in Section 4.1 of the Loan Agreement continue to be true and correct as if made on and as of the date hereof except to the extent that such representations and warranties relate specifically to an earlier date, and except as modified by schedules attached to certificates of the Borrowers, delivered prior to the date hereof. Each of the Obligors further represents and warrants that:

- (a) No Default or Event of Default has occurred and is continuing;
- (b) It has all requisite corporate or other power and authority to enter into and perform its obligations under this Amendment;
- (c) The execution, delivery and performance of this Amendment has been duly authorized by all corporate and other actions required and this Amendment has been duly executed and delivered by it, and constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject to the availability of equitable remedies and the effect of bankruptcy, insolvency and similar laws affecting the rights of creditors generally;
- (d) The execution and delivery of this Amendment and the performance of its obligations hereunder and compliance with the terms, conditions and provisions hereof, will not (i) conflict with or result in a breach of any of the terms, conditions or provisions of (a) its constituting documents or by-laws, (b) any Applicable Law, or (c) any judgment, injunction, determination or award which is binding on it; or (ii) result in, require or permit (x) the imposition of any material Encumbrance in, on or with respect to its Property now owned or hereafter acquired by it (other than pursuant to the Security Documents or which is a Permitted Encumbrance), or (y) any third party to terminate, or acquire any rights materially adverse to it under, any Material Contract;

- (e) The Fund has obtained pre-approval (subject to customary terms and conditions) from the TSX in respect of the First Amendment to Warrant Agreement dated as of the date hereof between the Fund and the Lenders (the “**First Amendment to Warrant Agreement**”);
- (f) All of the information and statements set out on Exhibit “I” hereto with respect to anti-trust investigations and ongoing litigation involving the Obligors is true and correct; and
- (g) The Canadian Direct Purchaser Claims and the Canadian Securities Claim have been submitted to Travelers Guarantee Company of Canada (“Travelers”) and to Chubb Insurance Company of Canada (“Chubb”) by the Obligors for confirmation of insurance coverage under the policies of insurance the Obligors have with Travelers and Chubb. With respect to the Canadian Securities Claim, Travelers has reserved its rights under the Travelers Policy respecting coverage of the Fund, Arctic Glacier Inc., the named directors and officers named as defendants, and the former employees Frank Larson and Gary Cooley (since added as defendants by the Superior Court of Ontario on March 1, 2011). Chubb has adopted Travelers’ position with respect to the Travelers Policy. Travelers is providing coverage for 60% of the reasonable defence costs of the defendants, and Chubb is providing 40% of those costs. All of the named directors and the Fund have given notice of the claim to the insurers and have co-operated with Travelers and Chubb in the defence of the action. The insurers have been involved fully in the defence of the action, including giving instructions concerning possible settlement. Given this relationship, and to the best knowledge of the Obligors based upon advice of counsel, it is reasonable to believe that Travelers and Chubb will provide coverage to the Obligors if liability is found against them to the limits of those policies less defence costs already incurred.

For the purpose of this Section 4.1:

“**Canadian Direct Purchaser Claims**” means: (i) the proceeding commenced in the Ontario Superior Court of Justice at London, Ontario on May 7, 2009 by Grand-Slam Concert, Productions Ltd. and others against Arctic Glacier, Inc. as Court file number 621124, as amended claiming damages of C\$110 Million and interest and costs; (ii) the proceeding in the Ontario Superior Court of Justice at Windsor, Ontario on March 1, 2010 by Louise Knowles c.o.b. as Special Events Marketing against Arctic Glacier Inc., Keith Corbin and Reddy Ice Holdings, Inc. as Court file number CV-10-14457, as amended, claiming damages of C\$110 Million and interest and costs; (iii) the proceeding commenced in the Alberta Court of Queen’s Bench at Calgary, Alberta on June 24, 2009 by 1008021 Alberta Ltd. against Arctic Glacier Inc., Keith Corbin and Reddy Ice Holdings, Inc. as Court file number 0901-09552, as amended, claiming damages of C\$110 Million and interest; and

“**Canadian Securities Claim**” means the proceeding commenced in the Ontario Superior Court of Justice at London, Ontario by Notice of Action dated September 25, 2008 by Alexander Dobbie and Michael Benson against the Fund, the Canadian Borrower and their Directors and Trustees, as well as the Proposed Defendants Frank Larson and Gary Cooley, as Court file no. 59725, as amended, claiming damages of C\$245 Million and interest and costs.

#### **4.2 Covenants**

The Fund shall promptly after the date hereof take all steps reasonably required to obtain final TSX approval for the First Amendment to Warrant Agreement, including so as to ensure the continued listing approval of the underlying Units of the Fund upon the exercise of the warrants. The Fund shall provide to the Lenders written evidence of the approval described in the prior sentence promptly after it has been obtained.

## ARTICLE 5 CONDITIONS

In addition to the conditions set out in Article 3 above, the effectiveness of this Amendment and the consents provided herein is subject to the satisfaction of the following conditions precedent:

- (a) the Agent shall have received copies of this Amendment duly executed by all parties hereto;
- (b) the Agent shall have received, on behalf of the Lenders, (i) payment in full from the Borrowers of an amendment fee in an amount equal to 1% of the outstanding Principal Amount of the Loans (the "Amendment Fee") or (ii) shall have received notice from the Borrowers that the amount of the Amendment Fee shall be deemed to have been advanced by the Lenders to the applicable Borrower on the date of this Amendment as an additional principal advance and shall be added to the Principal Amount outstanding of each Loan on the date of this Amendment;
- (c) the Agent shall have received executed copies of the First Amendment to Warrant Agreement, in form and substance satisfactory to the Lenders and the Fund shall have received acceptance from the TSX for the First Amendment to Warrant Agreement, subject only to customary conditions;
- (d) the Agent shall contemporaneously herewith receive executed copies of waivers, consents and amendments to the Senior Credit Agreement necessary to ensure ongoing compliance of the Borrowers with the Senior Credit Agreement, which shall be on terms and conditions satisfactory to the Lenders, and which shall include that the maximum amount of credit available under the Senior Credit Agreement shall be permanently reduced by \$10,000,000 on that date that the U.S. Direct Purchaser Settlement is publicly announced;
- (e) the Agent shall contemporaneously herewith receive an executed copy of a consent and waiver to the Intercreditor Agreement executed by all parties thereto, which shall be in form and substance satisfactory to the Lenders;
- (f) each of the Borrowers and the Guarantors shall have delivered to the Agent (i) evidence of the corporate or partnership authority of each such party to execute, deliver and perform its obligations under this Amendment and, as applicable, all other agreements and documents executed by such party in connection therewith, and (ii) such other documents and instruments as the Agent may reasonably require in connection with this Amendment, all of the foregoing of which shall be in form and substance satisfactory to the Agent and the Lenders;
- (g) no Default or Event of Default shall have occurred and be continuing; and
- (h) all representations and warranties set out in the Loan Documents and this Amendment shall be true and correct as if made on and as of the date hereof except to the extent that such representations and warranties relate specifically to an earlier date, and except as modified by schedules attached to certificates of the Borrowers delivered prior to the date hereof.

**ARTICLE 6  
MISCELLANEOUS**

**6.1 Benefits**

This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns.

**6.2 References to the Loan Agreement**

Each reference to the Loan Agreement in any of the Loan Documents (including the Loan Agreement) shall be deemed to be a reference to the Loan Agreement, as amended by this Amendment.

**6.3 Governing Law**

This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the province of Ontario and the federal laws of Canada applicable therein.

**6.4 Loan Document**

This Amendment shall be a Loan Document.

**6.5 Limited Effect**

Except as expressly provided herein, all of the terms and provisions of the Loan Agreement are and shall remain in full force and effect and are hereby ratified and confirmed by the Borrowers.

**6.6 Counterparts**

This Amendment may be executed in any number of counterparts, including by facsimile or portable document format, each of which shall be deemed to be an original.

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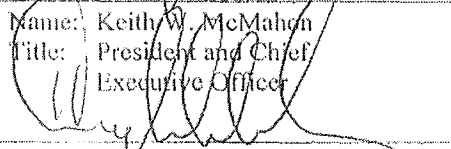
IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to the Loan Agreement to be executed as of the date first above written.

ARCTIC GLACIER INC. as Canadian  
Borrower

By:

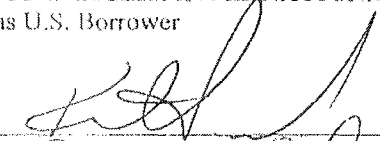
  
Name: Keith W. McMahon  
Title: President and Chief  
Executive Officer

By:

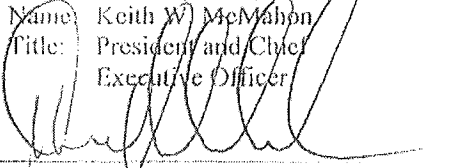
  
Name: Hugh A. Adams  
Title: Secretary

ARCTIC GLACIER INTERNATIONAL  
INC. as U.S. Borrower

By:

  
Name: Keith W. McMahon  
Title: President and Chief  
Executive Officer

By:

  
Name: Hugh A. Adams  
Title: Secretary

ARCTIC GLACIER CALIFORNIA INC.,  
as Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
Title:

ARCTIC GLACIER GRAYLING INC., as  
Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
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ARCTIC GLACIER INCOME FUND, as  
Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
Title:

ARCTIC GLACIER LANSING INC., as  
Guarantor

By: [Signature]  
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Title:

By: [Signature]  
Name:  
Title:

ARCTIC GLACIER MICHIGAN INC., as  
Guarantor

By:   
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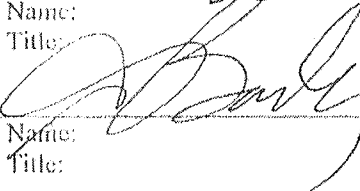
ARCTIC GLACIER MINNESOTA INC., as  
Guarantor

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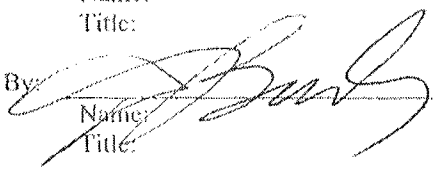
ARCTIC GLACIER NEBRASKA INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_


By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ARCTIC GLACIER NEW YORK INC., as  
Guarantor

By:   
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Title: \_\_\_\_\_

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Name: \_\_\_\_\_  
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ARCTIC GLACIER NEWBURGH INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
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Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ARCTIC GLACIER OREGON INC., as  
Guarantor

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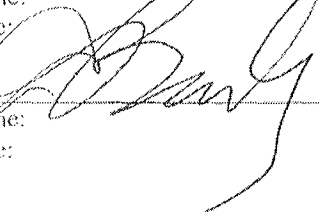
ARCTIC GLACIER PARTY TIME INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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Name: \_\_\_\_\_  
Title: \_\_\_\_\_


ARCTIC GLACIER PENNSYLVANIA  
INC., as Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ARCTIC GLACIER ROCHESTER INC., as  
Guarantor

By:   
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ARCTIC GLACIER SERVICES INC., as  
Guarantor

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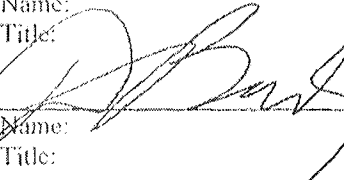
ARCTIC GLACIER TEXAS INC., as  
Guarantor

By:   
Name:  
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ARCTIC GLACIER VERNON INC., as  
Guarantor

By:   
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ARCTIC GLACIER WISCONSIN INC., as  
Guarantor

By: [Signature]  
Name:  
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By: [Signature]  
Name:  
Title:

DIAMOND ICE CUBE COMPANY INC.,  
as Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
Title:

DIAMOND NEWPORT CORPORATION,  
as Guarantor

By: [Signature]  
Name:  
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By: [Signature]  
Name:  
Title:

GLACIER ICE COMPANY, INC., as  
Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
Title:

GLACIER VALLEY ICE COMPANY, L.P.,  
by its general partner MOUNTAIN  
WATER ICE COMPANY, as Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ICE PERFECTION SYSTEMS INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_


JACK FROST ICE SERVICE, INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

KNOWLTON ENTERPRISES, INC., as  
Guarantor

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MOUNTAIN WATER ICE COMPANY, as Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
Name:  
Title:

R & K TRUCKING, INC., as Guarantor

By: [Signature]  
Name:  
Title:

By: [Signature]  
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Title:

WINKLER LUCAS ICE AND FUEL COMPANY, as Guarantor

By: [Signature]  
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WONDERLAND ICE, INC., as Guarantor

By: [Signature]  
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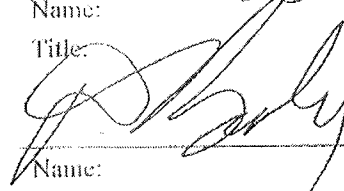
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ICESURANCE INC., as Guarantor

By:   
Name: \_\_\_\_\_

Title: \_\_\_\_\_

By:   
Name: \_\_\_\_\_


Title: \_\_\_\_\_

**CPPIB CREDIT INVESTMENTS INC., as Agent**

By:   
Name: André Bourbonnais  
Title: Authorized Signatory

By: \_\_\_\_\_  
Name: Mark Jenkins  
Title: Authorized Signatory

**CPPIB CREDIT INVESTMENTS INC., as Lender**

By:   
Name: André Bourbonnais  
Title: Authorized Signatory

By: \_\_\_\_\_  
Name: Mark Jenkins  
Title: Authorized Signatory

**WEST FACE CAPITAL INC. in its capacity as advisor for WEST FACE LONG TERM OPPORTUNITIES LIMITED PARTNERSHIP, as Lender**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**WEST FACE CAPITAL INC. in its capacity as advisor for WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P., as Lender**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
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**CPPIB CREDIT INVESTMENTS INC., as Agent**

By: \_\_\_\_\_  
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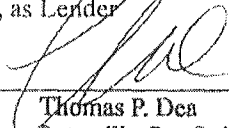
By: \_\_\_\_\_  
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**CPPIB CREDIT INVESTMENTS INC., as Lender**

By: \_\_\_\_\_  
Name:  
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By: \_\_\_\_\_  
Name:  
Title:

**WEST FACE CAPITAL INC. in its capacity as advisor for WEST FACE LONG TERM OPPORTUNITIES LIMITED PARTNERSHIP, as Lender**

By: \_\_\_\_\_  
Name:  Thomas P. Dea  
Title: Partner, West Face Capital Inc.

By: \_\_\_\_\_  
Name:  
Title:

**WEST FACE CAPITAL INC. in its capacity as advisor for WEST FACE LONG TERM OPPORTUNITIES GLOBAL MASTER L.P., as Lender**

By: \_\_\_\_\_  
Name:  Thomas P. Dea  
Title: Partner, West Face Capital Inc.

By: \_\_\_\_\_  
Name:  
Title:

**WEST FACE CAPITAL INC. in its capacity  
as advisor for WEST FACE LONG TERM  
OPPORTUNITIES MASTER FUND L.P.,  
as Lender**

By: \_\_\_\_\_  
Name: **Thomas P. Dea**  
Title: **Partner, West Face Capital Inc.**

By: \_\_\_\_\_  
Name:  
Title:

**WEST FACE CAPITAL INC., as agent for  
the West Face Lenders**

By: \_\_\_\_\_  
Name: **Thomas P. Dea**  
Title: **Partner, West Face Capital Inc.**

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT I

### ANTI-TRUST INVESTIGATIONS AND ONGOING LITIGATION

#### *Antitrust matters*

On October 13, 2009, a subsidiary of the Fund entered into an agreement with the Antitrust Division of the DOJ related to its investigation into the U.S. packaged ice industry. The agreement was accepted by the U.S. District Court on February 11, 2010 and settled all charges related to allegations that three former employees conspired with a co-conspirator company from January 2001 through July 2007 to allocate packaged ice customers in southeastern Michigan. Under terms of the agreement, the subsidiary agreed to plead guilty to one charge of customer allocation in southeast Michigan and to pay a fine of \$9.0 million, payable in installments over a five year period. This obligation was recorded as long-term debt at its discounted present value of \$6.4 million. The first installment of \$1.0 million was paid on March 5, 2010 and the second installment of \$1.0 million was paid on March 3, 2011. The Fund also agreed to cooperate with the DOJ's ongoing investigation of other companies and individuals in relation to the U.S. packaged ice industry. The agreement concludes the DOJ's investigation as it relates in any way to the Fund, its board, management and staff in all markets.

On October 29, 2010, the largest company in the packaged ice industry, Reddy Ice, disclosed that the DOJ will not be taking action against them related to the investigation into the U.S. packaged ice industry, indicating that the DOJ's extensive investigation of the leading manufacturers of packaged ice in the U.S. has concluded. The Fund believes that this demonstrates that the wide-ranging allegations of antitrust activity between industry leaders in pending civil claims have no basis in fact.

On March 28, 2008, a subsidiary of the Fund received a Civil Investigative Demand ("CID") notice from the Florida Attorney General seeking documents and information in order to determine whether Florida's antitrust laws had been violated by the Fund and its subsidiaries or other packaged ice manufacturers. On June 11, 2008, the Arizona Attorney General served a subsidiary of the Fund with a similar CID notice. A total of 17 other states have signed information sharing agreements with the Florida Attorney General in order to review and share information. The Fund and its subsidiaries are cooperating with authorities in the course of these state antitrust investigations and have provided all requested information over one year ago. There have been no further requests for information made of the Fund since then. At this time, the Fund is unable to predict the timeline or final outcome of these state investigations or any potential effect they may have on the Fund or its operations.

A subsidiary of the Fund received additional CID notices from the Michigan Attorney General on June 11, 2009 and June 2, 2010 regarding claims that the subsidiary violated Michigan's antitrust laws. On September 3, 2010, the subsidiary entered into an agreement with the Michigan Attorney General, without any admission of wrongdoing, to resolve all allegations that it violated Michigan's antitrust laws. Under terms of the agreement, the subsidiary agreed to pay the amount of \$350,000 in two installments in September and December 2010. The first payment of \$125,000 was made on September 3, 2010 and the final payment of \$225,000 was made on December 6, 2010. The settlement concludes and resolves all investigations, inquiries, claims and proceedings by the Michigan Attorney General related to any alleged violations of applicable state and federal antitrust laws.

On November 25, 2008, the United States DOJ Civil Division advised Arctic Glacier of its commencement of a civil investigation of the packaged ice industry under the U.S. federal *False Claims Act*. The purpose of this investigation was to determine whether the U.S. federal government or its contractors had been overcharged in their purchases of packaged ice as a result of the conduct investigated by the DOJ Antitrust Division. Subsequent to the end of the year, on March 21, 2011, the DOJ Civil Division advised that its investigation with respect to Arctic Glacier was closed and no action would be taken against the Fund and its subsidiaries.

On March 30, 2009, the Fund's Executive Vice President, Operations and Vice President, Sales and Marketing were suspended from their duties with pay at the direction of the board of directors of the Fund's operating subsidiary, Arctic Glacier Inc. The board directed an internal investigation to be undertaken and on the basis of its results, the board believes these individuals may have violated certain of the company's policies. Both individuals resigned from their positions shortly following their suspensions.

### *Civil Litigation*

Following the announcement that the DOJ was undertaking an investigation of the U.S. packaged ice industry, a number of civil actions were commenced by direct and indirect purchasers against several packaged ice companies in the United States, including subsidiaries of the Fund, alleging violations of antitrust laws and seeking damages. Pursuant to an order from the Judicial Panel on Multidistrict Litigation ("MDL"), the civil actions pending in U.S. federal courts have been transferred and consolidated for pretrial proceedings in the United States District Court for the Eastern District of Michigan. On September 15, 2009, the plaintiffs in these MDL actions filed consolidated amended complaints.

Subsequent to the end of the year, on or about March 30, 2011, the Fund agreed to settle the MDL direct purchasers' action. Under terms of the agreement, which remains subject to approval by U.S. District Court, a settlement of \$12,500,000 will be paid in two installments. The first installment of \$2,500,000 is payable on the later of July 15, 2011 or 15 days after the settlement receives preliminary court approval and a final installment of \$10,000,000 is payable on the later of November 1, 2011 or 30 days after the settlement receives final court approval.

Subsequent to the year, on March 11, 2011, the Court partially granted a motion filed by the Fund to dismiss the non-Michigan claims in the MDL indirect purchasers' action. The Court dismissed many of the indirect purchaser's state law claims restricting all claims to those states in which the named plaintiffs reside, reducing dramatically the number of claims pending in the action.

On July 23, 2008, an individual, who became an employee of a subsidiary of the Fund for a short period of time in the course of an acquisition before accepting terms of severance, commenced an action in the United States District Court for the Eastern District of Michigan. The action purports to bring antitrust claims as well as state law claims in connection with his termination from employment with Arctic Glacier and his allegation that the defendant manufacturers illegally conspired to prevent his future employment in the ice industry. On May 29, 2009 the court dismissed the bulk of this case, including antitrust claims relating to both federal and state jurisdictions. The Fund is of the opinion that the claim is without merit and will vigorously contest the resulting and narrowed action in court.

Two civil actions were filed by direct purchasers of packaged ice in state courts in Kansas and Wisconsin, alleging violations of state antitrust laws and related claims and seeking similar damages to those sought in the federal actions described above. On February 26, 2009, the Kansas state court dismissed the action commenced in that state, concluding the plaintiff had failed to advance an actionable claim against the Company. On January 22, 2010, the Wisconsin state court denied that plaintiff's request for class certification, effectively restricting the action to a single customer. Subsequent to the end of the year, on March 18, 2011, the Fund resolved the Wisconsin action for \$3,000 and nominal legal expenses and the matter is now closed.

On May 7, 2009, a civil lawsuit (the "May 2009 Action") was filed against a subsidiary of the Fund in Ontario Superior Court seeking damages of C\$110 million on behalf of a proposed class of customers in Ontario that had purchased packaged ice directly from the subsidiary during a proposed class period commencing January 1, 2001. The plaintiffs to this action have agreed to have it dismissed.

On March 1, 2010, a second claim was issued by the same law firm that commenced the May 2009 Action in the Ontario Superior Court on behalf of one of the two plaintiffs in the May 2009 Action. This action (the "March 2010 Action") is brought against a subsidiary of the Fund, a former employee and another packaged ice company on behalf of a proposed class of purchasers in Ontario, British Columbia, Manitoba, Saskatchewan and Quebec during a proposed class period commencing January 1, 2001. The March 2010 Action alleges anticompetitive behavior by the subsidiary and the other packaged ice company and seeks damages of C\$110 million plus interest and costs. A certification motion hearing is pending and could be heard by mid-2011.

A similar civil lawsuit was filed against a subsidiary of the Fund in Alberta Superior Court on June 24, 2009 also seeking damages of C\$110 million on behalf of a proposed class of customers in Alberta that had purchased packaged ice directly from the subsidiary during a proposed class period commencing January 1, 2001. This action alleges anticompetitive behavior by the subsidiary and a number of U.S. manufacturers of packaged ice. No substantive steps have been taken by the plaintiff in this action. This claim is aligned with the March 2010 Action and together they should be considered as one claim as they deal with exactly the same alleged activity and claim the same relief.

On April 26, 2010, an indirect-purchaser complaint asserting claims under Michigan's antitrust law was filed in the Eastern District of Michigan against three former employees of a subsidiary of the Fund. The complaint asserts the same factual basis as that presented in the consolidated indirect purchasers' action pending against subsidiaries of the Fund, except that the plaintiffs are only seeking damages relating to conduct in Michigan. The Fund and its subsidiaries were not named in this action, however, in accordance with its bylaws, a subsidiary of the Fund is obligated to pay for the representation of and to indemnify the three former employees in this action.

Subsequent to the end of the year, on March 4, 2011, a class action complaint was filed in Kansas state court on behalf of indirect purchasers of packaged ice. The action alleges that the Fund, a subsidiary and three former employees, among other defendants, engaged in conduct similar to that alleged in the indirect purchaser actions in violation of Kansas state law. The Fund has not yet been served in this action.

At this time, the Fund is unable to predict the timeline or final outcome of the remaining state investigations and litigation matters, or any potential effect they may have on the Fund or its operations, which may be material. No financial provisions have been made regarding these matters except as noted.

### *Securities Litigation*

On October 24, 2008, the Fund was named in a class action civil lawsuit filed in Ontario Superior Court. The action has been amended several times. The plaintiffs propose to represent a class of people or entities that acquired units of the Fund between March 13, 2002 and September 16, 2008, and claim damages of C\$245 million, alleging against the Fund, its trustees, and a subsidiary and its directors and certain officers, as defendants that they failed to make full and timely disclosure. A motion by the plaintiffs for certification and for leave to amend to add a statutory cause of action for secondary market misrepresentation against the existing defendants and to add two former employees of the subsidiary as defendants to the statutory cause of action was granted by the Court on March 1, 2011. The Fund and other defendants will seek leave to appeal that outcome. The Fund denies the allegations in the lawsuit and will continue to vigorously contest the action in court. At this time, the final outcome of this litigation cannot be predicted or any potential effect it may have on the Fund or its operations. No financial provision has been made regarding this matter and the Fund has notified carriers of its directors' and officers' liability insurance of the action.

### *Costs of Antitrust Investigations and Related Litigation*

On October 13, 2009, a subsidiary of the Fund entered into an agreement with the United States Department of Justice (“DOJ”) Antitrust Division, settling all charges related to allegations that three former employees conspired with a co-conspirator company from January 2001 through July 2007 to allocate packaged ice customers in southeastern Michigan and the Detroit metropolitan area. On February 11, 2010, the plea agreement was accepted by the United States District Court for the Southern District of Ohio. Under terms of the agreement, the subsidiary agreed to plead guilty and to pay a fine of \$9,000,000, payable in installments of \$1,000,000 due 30 days after entry of judgment which occurred on March 4, 2010; \$1,000,000 at the one-year anniversary date; \$1,500,000 at each of the two, three and four-year anniversary date; and a final payment of \$2,500,000 at the five-year anniversary date. This obligation has been recorded in long-term debt at its discounted present value of \$5,959,000 (2009 – \$6,264,000). The Fund has also agreed to cooperate with the DOJ’s ongoing investigation of other companies and individuals in relation to the U.S. packaged ice industry. The agreement concludes the DOJ’s investigation as it relates in any way to the Fund, its board, management and staff in all markets.

Subsequent to the end of the year, on or about March 30, 2011, a subsidiary of the Fund settled the class action filed by direct purchasers of packaged ice in the United States. Under terms of the agreement, which is subject to approval by U.S. District Court, the subsidiary will pay a settlement of \$12,500,000 in two installments. The agreement provides for a first installment of \$2,500,000 to be payable on the later of July 15, 2011 or 15 days after the settlement receives preliminary court approval and a final installment of \$10,000,000 to be payable on the later of November 1, 2011 or 30 days after the settlement receives final court approval. The settlement has been recorded in current liabilities at its discounted present value of \$11,393,000.

Total costs incurred in connection with the ongoing investigations and related litigation for the year ended December 31, 2010 are estimated at \$15,577,000 (2009 - \$11,253,000). For the year ended December 31, 2010, the costs are comprised of fines of \$nil, (2009 - \$6,264,000), the current value of the U.S. direct purchaser litigation settlement of \$11,393,000 (2009 - \$nil) and estimated legal and other costs of \$4,184,000 (2009 - \$4,989,000). See also Note 24.

### *Contingencies*

In March 2008, a subsidiary of the Fund and certain members of management received subpoenas issued by a federal grand jury in the Eastern District of Michigan seeking documents and information in connection with an investigation by the Antitrust Division of the United States Department of Justice (“DOJ”) into possible antitrust violations in the U.S. packaged ice industry. On October 13, 2009, the subsidiary entered into an agreement with the DOJ to conclude the investigation as it relates in any way to the Fund, its board, management and staff in all markets (Note 17). The agreement was accepted by the U.S. District Court on February 11, 2010.

The Fund and its subsidiaries received Civil Investigative Demand notices (“CID”) from the Attorneys General for Florida and Arizona seeking information in order to determine if state antitrust laws had been violated. The Fund has been informed that 17 other states have signed information sharing agreements with Florida in order to review and share information. A subsidiary of the Fund received additional CID notices from the Michigan Attorney General seeking documents and information in order to determine whether Michigan’s antitrust laws were violated. On August 31, 2010, the subsidiary entered into an agreement with the Michigan Attorney General to resolve, without any admission of wrongdoing, all allegations that it violated Michigan’s antitrust laws. Under terms of the agreement, the subsidiary paid the amount of \$350,000 in two installments in September and December 2010. The settlement concludes and resolves all investigations, inquiries, claims and proceedings by the Michigan Attorney General related to any alleged violations of applicable state and federal antitrust laws. The Fund and its subsidiaries are cooperating with authorities in the course of the other state antitrust investigations and



provided all requested information over one year ago. There have been no further requests for information made of the Fund since then.

Following the announcement that the DOJ was undertaking an investigation of the U.S. packaged ice industry, a number of civil actions were commenced by direct and indirect purchasers against several packaged ice companies in the United States, including subsidiaries of the Fund, alleging violations of antitrust laws and seeking damages. Pursuant to an order from the MDL, the civil actions pending in federal courts have been transferred and consolidated for pretrial proceedings in the United States District Court for the Eastern District of Michigan. On September 15, 2009, the plaintiffs in these MDL actions filed consolidated amended complaints.

Subsequent to the end of the year, on or about March 30, 2011, the Fund agreed to settle the MDL direct purchasers' action. Under terms of the agreement, which remains subject to approval by U.S. District Court, a settlement of \$12,500,000 will be paid in two installments. The first installment of \$2,500,000 is payable on the later of July 15, 2011 or 15 days after the settlement receives preliminary court approval and a final installment of \$10,000,000 is payable on the later of November 1, 2011 or 30 days after the settlement receives final court approval.

Subsequent to the year, on March 11, 2011, the Court partially granted a motion filed by the Fund to dismiss the non-Michigan claims in the MDL indirect purchasers' action. The Court dismissed many of the indirect purchaser's state law claims restricting all claims to those states in which the named plaintiffs reside, reducing dramatically the number of claims pending in the action.

On July 23, 2008, an individual, who became an employee of a subsidiary of the Fund for a short period of time in the course of an acquisition before accepting terms of severance, commenced an action in the United States District Court for the Eastern District of Michigan. The action purports to bring antitrust claims as well as state law claims in connection with his termination from employment with the subsidiary and his allegation that the defendant manufacturers illegally conspired to prevent his future employment in the ice industry. On May 29, 2009 the court dismissed the bulk of this case, including antitrust claims relating to both federal and state jurisdictions. The Fund is of the opinion that the claim is without merit and will vigorously contest the resulting and narrowed action in court.

Two civil actions were filed by direct purchasers of packaged ice in state courts in Kansas and Wisconsin, alleging violations of state antitrust laws and related claims and seeking similar damages to those sought in the federal actions described above. On February 26, 2009, the Kansas state court dismissed the action commenced in that state concluding the plaintiff had failed to advance an actionable claim against the Fund. On January 22, 2010, the Wisconsin state court denied that plaintiff's request for class certification, effectively restricting the action to a single customer. Subsequent to the end of the year, on March 18, 2011, the Fund resolved the Wisconsin action for a nominal amount and the matter is now closed.

On November 24, 2008, the United States DOJ Civil Division advised Arctic Glacier of its commencement of a civil investigation of the packaged ice industry under the U.S. federal *False Claims Act* to determine if the U.S. federal government, or its contractors, were overcharged in their purchases of packaged ice as a result of the conduct investigated by the DOJ Antitrust Division. Subsequent to the end of the year, on March 21, 2011, the DOJ Civil Division advised that its investigation with respect to Arctic Glacier was closed and no action would be taken against the Fund and its subsidiaries.

On October 24, 2008, the Fund was named in a class action civil lawsuit filed in Ontario Superior Court. The action has been amended several times. The plaintiffs propose to represent a class of people or entities that acquired units of the Fund between March 13, 2002 and September 16, 2008 and claim damages of C\$245,000,000 alleging against the Fund, its trustees, and a subsidiary and its directors and certain officers, as defendants that they failed to make full and timely disclosure. A motion by the plaintiffs for certification and for leave to amend to add a statutory cause of action for secondary market

misrepresentation against the existing defendants and to add two former employees of the subsidiary as defendants to the statutory cause of action was granted by the Court on March 1, 2011. The Fund and other defendants will seek leave to appeal that outcome. The Fund denies the allegations in the lawsuit and will continue to vigorously contest the action in court. At this time the final outcome of this litigation cannot be predicted or any potential effect it may have on the Fund or its operations. The Fund has notified carriers of its directors' and officers' liability insurance of the action.

On May 7, 2009, a civil lawsuit was filed against a subsidiary of the Fund in Ontario Superior Court ("the May 2009 Action") seeking damages of C\$110,000,000 on behalf of a proposed class of customers in Ontario that had purchased packaged ice directly from the subsidiary during a proposed class period commencing January 1, 2001. The plaintiffs to this action have agreed to have it dismissed.

On March 1, 2010, a second claim was issued in the Ontario Superior Court on behalf of one of the two plaintiffs from the May 2009 Action. This action (the "March 2010 Action") is brought against a subsidiary of the Fund, a former employee and another packaged ice company on behalf of a proposed class of purchasers in Ontario, British Columbia, Manitoba, Saskatchewan and Quebec during a proposed class period commencing January 1, 2001. The March 2010 Action alleges anticompetitive behavior by the subsidiary and the other packaged ice company and seeks damages of C\$100,000,000 plus punitive and exemplary damages in the amount of C\$10,000,000 plus interest and costs. A certification motion hearing is pending and could be heard by mid-2011.

A similar civil lawsuit was filed against a subsidiary of the Fund in Alberta Superior Court on June 24, 2009 also seeking damages of C\$110,000,000 on behalf of a proposed class of customers in Alberta that had purchased packaged ice directly from the subsidiary during a proposed class period commencing January 1, 2001. This action alleges anticompetitive behavior by the subsidiary and a number of U.S. manufacturers of packaged ice. No substantive steps have been taken by the plaintiff in this action. This claim is aligned with the March 2010 Action and together they should be considered as one claim as they deal with exactly the same alleged activity and claim the same relief.

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Subsequent to the end of the year, on March 4, 2011, a class action complaint was filed in Kansas state court on behalf of indirect purchasers of packaged ice. The action alleges that the Fund, a subsidiary and three former employees, among other defendants, engaged in conduct similar to that alleged in the indirect purchaser actions in violation of Kansas state law. The Fund has not yet been served in this action.

At this time, the Fund is unable to predict the timeline or final outcome of the remaining state investigations and litigation matters, or any potential effect they may have on the Fund or its operations, which may be material. No financial provisions have been made regarding these matters except as noted above.

Certain other litigation arising in the normal course of business is pending against the Fund and its subsidiaries. While the final outcome with respect to actions outstanding or pending as at December 31, 2010 cannot be predicted with certainty, the Fund is of the opinion that the resolution of such litigation will not have a significant effect on the consolidated financial statements of the Fund and its subsidiaries.