



**Mid-Size Company
Transaction of the Year**

Arctic Glacier group of companies

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Arctic Glacier Income Fund (“AGIF”) was the owner of North America’s second largest packaged ice producer and distributor. The Arctic Glacier group of companies comprised 31 corporate entities, with the corporate head office located in Winnipeg, Manitoba. Arctic Glacier served over 75,000 retail, commercial, and industrial customer locations throughout six provinces in Canada and 19 states in the northeastern, central, and western United States. The company employed 1,100 employees year round and up to 3,000 employees in peak seasons. Its financial performance suffered from substantial costs associated with antitrust investigations and litigation, poor weather, and financing costs. Reduced sales volumes in 2011 from unseasonably cool spring weather, together with lower than expected profits from operations, and increased costs related primarily to debt servicing and litigation resulted in Arctic Glacier breaching certain financial covenants of its credit facilities. The covenant defaults included



breaches of maximum leverage ratio, interest coverage ratio, fixed charge coverage ratio, and minimum EBITDA levels.

Arctic Glacier entered into negotiations with CPPIB and West Face Capital, the holders of all of the secured debt, to obtain debtor-in-possession financing required to help stabilize its business, provide sufficient liquidity for the upcoming busy season and pursue a sale of its business and/or a restructuring of its debt. As a condition of providing DIP financing, the secured lenders required that Arctic Glacier meet certain milestones in the implementation of a sale and investor solicitation process (SISP). The SISP was to be implemented by TD Securities Inc. (“TDSI”) and supervised by the court-appointed Monitor and the Chief Process Supervisor (“CPS”).

Arctic Glacier filed for creditor protection under Canada’s Companies’ Creditors Arrangement Act (“CCAA”) and Chapter 15 of the U.S. Bankruptcy Code. Alvarez & Marsal Canada Inc. (“A&M”) was appointed as the Monitor under the CCAA and Foreign Representative under the Chapter 15 Proceedings, and Bruce Robertson, of Grandview Advisors was appointed the Chief Process Supervisor.

The CCAA Order and DIP financing facilitated in stabilizing the operations of the business. The transaction team, comprised of A&M, TDSI and the CPS, compiled a list of 165 prospective purchasers/investors, prepared and distributed an investment overview, and established a data room for prospective purchasers/investors. The company was represented by McCarthy Tetrault LLP. A&M’s legal counsel was Osler, Hoskin & Harcourt LLP. Torys LLP acted for CPPIB and West Face throughout the proceedings.

Arctic Glacier ultimately completed the sale of its business to an affiliate of H.I.G. Capital, LLC (“HIG”), a leading global private equity investment firm, for approximately \$420 million and the assumption of trade debt, leases, and other contractual relationships. HIG agreed to offer employment to all of the full-time and part-time employees. HIG was represented by Stikeman Elliot LLP.

The sale transaction was completed pursuant to the CCAA and the U.S. Bankruptcy Code. The new company, Arctic Glacier Holdings Inc., is based in Winnipeg, Manitoba, and continues to conduct the acquired business under the “Arctic Glacier” name.

In the sale, HIG’s affiliate purchased substantially all of the business. On closing, CPPIB and West Face received payment in full of all of their secured loans totaling approximately \$280 million. The balance of the closing proceeds paid certain transaction costs, with the remaining \$130 million being held by the Monitor pending further direction of the Court. A&M is currently administering a Claims Process and is cautiously optimistic that unsecured creditors will be paid in full, and that the equity holders of Arctic Glacier Income Fund will receive some recovery. The going concern sale preserved numerous jobs and the supply chain and customer base of the companies.



The Arctic Glacier proceedings constituted the second largest Canadian insolvency proceedings in 2012.