

Exhibit C

violated Company policies in connection with the antitrust violations under investigation by the DOJ. Key had been a member of Reddy Ice's executive management team and attended trade association meetings relating to the packaged ice industry through which he and other packaged ice industry executives unlawfully conspired to allocate packaged ice markets between and among Reddy Ice, Home City and Arctic Glacier prior to and during the Class Period.

15. As confirmed in interviews of confidential witnesses who are Reddy Ice's former employees, Home City and Arctic Glacier service geographic markets that are adjacent to markets serviced by Reddy Ice, but Reddy Ice has unlawfully agreed not to compete with these other packaged ice companies in certain markets. Generally, Reddy Ice agreed not to compete with Arctic Glacier in the State of California. Similarly, in an illegal *quid-pro-quo* arrangement, Arctic Glacier secretly agreed not to compete with Reddy Ice in the State of Arizona.

16. Both Home City and Arctic Glacier have been criminally charged in connection with the criminal price-fixing conspiracy. In addition, Home City and Arctic Glacier have pleaded guilty to violating the U.S. antitrust laws by conspiring with other packaged ice firms to suppress and eliminate competition by agreeing with other packaged ice manufacturers to allocate customers and territories in the market place, and specifically in Michigan. According to its plea agreement, Arctic Glacier had a total of \$50.7 million in sales of packaged ice that were affected by its conspiracy.

17. In addition to the criminal probes, which have spawned criminal charges against and guilty pleas from its largest competitors, Reddy Ice has been sued by its largest customers for antitrust violations, including, for example, Wal-Mart, which accounted for approximately 11% of Reddy Ice's revenues in 2006. Numerous allegations also have been made in the direct and indirect purchaser antitrust actions consolidated in the action captioned, *In re Packaged Ice*

B. Reddy Ice's Illegal Scheme to Corner the Market for Packaged Ice

42. During and prior to the Class Period, Reddy Ice embarked on a scheme to dominate the packaged ice market and control price competition. As Reddy Ice and Arctic Glacier acquired numerous independent producers, the industry experienced widespread consolidation. Reddy Ice engaged in an unlawful scheme to wipe-out competition and control the prices for packaged ice products. By illegally dividing up commercial territories in the U.S. between and among themselves and allocating territories and customers among themselves so as to avoid competition with each other, Reddy Ice, Arctic Glacier and Home City engaged in collusive activity to raise, fix and maintain the price of packaged ice. In furtherance of its illegal anticompetitive scheme, Reddy Ice aggressively abused its dominance to acquire numerous independent producers within its exclusive geographic markets.

43. Pursuant to unlawful agreements with Arctic Glacier and Home City, Reddy Ice dominated packaged ice sales in the Sun Belt region, ranging from Arizona to Florida, as well in certain states in the mid-Atlantic region. Similarly, pursuant to unlawful agreements with Reddy Ice and Home City, Arctic Glacier dominated packaged ice sales in Canada, certain Northeastern states and in the Central U.S. region and California, while Home City was unlawfully allocated exclusivity in territories consisting primarily of Illinois, Indiana and Ohio. Arctic Glacier and Home City have each pleaded guilty to criminal charges stemming from certain unlawful agreements reached between them to allocate customers of packaged ice to be sold in southeastern Michigan and the Detroit, Michigan metropolitan area.

44. The conspiracy to allocate markets, territories and customers and to fix prices is described in detail in a complaint filed against Reddy Ice, Arctic Glacier and Home City in this District (Case No. 08-13178) by Martin G. McNulty, a former Arctic Glacier employee who alleges violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961

et seq. ("RICO"), violations of the Sherman Act, 15 U.S.C. § 1, violations of the Michigan Antitrust Reform Act, violations of common law tortious interference with business relations and tortious interference with prospective economic advantage.

45. According to Mr. McNulty, who worked for Arctic Glacier's predecessor and Arctic Glacier from 1994 through January 2005, and reported directly to Keith Corbin ("Corbin"), Arctic Glacier's Vice President of Sales, Reddy Ice, Arctic Glacier and Home City unlawfully allocated markets between themselves for the exclusive sales of packaged ice. In his complaint, Mr. McNulty describes in detail conversations with Corbin in which McNulty was informed that Arctic Glacier's conspiracy with Reddy Ice extended throughout the United States, and according to Corbin, Arctic Glacier had "backed away" from buying an ice company in Nevada so that Arctic Glacier and Reddy Ice would not be in direct competition. McNulty's complaint alleges that Corbin explained to McNulty that Arctic Glacier's agreement not to enter the South and Southwest (a geography dominated by Reddy Ice) enabled Reddy Ice to "get their prices up," and Reddy Ice's agreement to stay out of the Midwest and Canada enabled Arctic Glacier to do the same.

46. The unlawful allocation of markets to eliminate competition, both prior to and during the Class Period, was generally known among employees at Reddy Ice according to former employees. For example, Confidential Witness 1 ("CW1") is a former Reddy Ice employee who held the position of National Purchasing and Contracts Manager for Reddy Ice from mid-1997 through late-2004. CW1 was based out of the Company's Dallas, Texas headquarters. During CW1's tenure at Reddy Ice, CW1 became aware of the unlawful market allocation agreement between Reddy Ice and Arctic Glacier. According to CW1, the Agreement was entered into during CW1's employment at Reddy Ice. CW1 further stated that it was

discussed in the presence of CW1 and other employees at Reddy Ice's Dallas headquarters that Reddy Ice had agreed to not compete against Arctic Glacier in California, and that Arctic Glacier in exchange had for the exclusive right to service California had agreed to "stay out" of Arizona.

47. Confidential Witness Number 2 ("CW2") is a former Reddy Ice employee that held several different positions at Reddy Ice during the Class Period and specifically from January 2006 through March 2008, including: (i) Internal Auditor, (ii) Area Controller, and (iii) Utilities Specialist. Through these positions at Reddy Ice, CW2 was privy to highly-sensitive financial information related to the Company's financial performance and business practices, such as compiling the financials for all of the manufacturing plants in CW2's assigned territory, including revenues, expenses and EBITDA, and comparing budgeted amounts to actual amounts. CW2 was based out of the Company's Dallas headquarters, and travelled regularly to numerous plants owned by the Company to conduct internal audits.

48. During the execution of CW2's duties, CW2 learned of an unlawful agreement between Reddy Ice and Arctic Glacier to allocate territories and markets for packaged ice for exclusive distribution and sales of packaged ice. CW2 stated that this collusive agreement was often discussed in CW2's presence among Reddy Ice employees at the corporate office and at the various plants that CW2 visited while conducting audits. In addition, CW2 was personally told of the unlawful agreement by defendant Weaver.

49. According to CW2, defendant Brick had a connection at Arctic Glacier and had used this connection to approach the CEO of Arctic Glacier. As told to CW2 by other Reddy Ice employees with whom CW2 came into contact during the course of internal audits, defendant Brick entered into the on-going unlawful agreement with Arctic Glacier to allocate territories and markets for packaged ice whereby Reddy Ice agreed to stay out of California and Arctic Glacier

agreed to stay out of Arizona. CW2 understood, based upon conversations with other Reddy Ice employees, that the unlawful agreement was entered into prior to the start of CW2's employment at Reddy Ice and at around the same time that Reddy Ice sold most of its California ice plants and Arctic Glacier shut down its Arizona plants.

50. With respect to the structure of the unlawful allocation agreement, several Reddy Ice employees explained to CW2 that Reddy Ice agreed to sell its California manufacturing operations (except for a facility in Brawley, California that was near the border of Arizona) to a consortium of companies located in California. It was further explained to CW2 that, at the time of the Agreement, Arctic Glacier did not externally appear to have a connection with the consortium of companies, but it was understood that Arctic Glacier would subsequently acquire this consortium of companies to have access to all of the packaged ice manufacturing facilities that had been acquired from Reddy Ice.

51. During CW2's employment at Reddy Ice, CW2 attended an annual plant managers' meeting held at a Dallas hotel during February 2006 or 2007. CW2 stated that during this annual meeting, defendant Weaver mentioned the unlawful agreement with Arctic Glacier in a presentation to CW2 and several other management attendees, including defendant Janusek. CW2 further stated that the attendees (including the various plant managers) all expressed knowledge and an understanding of the terms of the on-going unlawful agreement during the meeting.

52. Additionally, it was also regularly discussed amongst various Reddy Ice employees that Home City was a party to the unlawful agreement, according to CW2. CW2 stated that Reddy Ice employees mentioned that Home City was represented at the meeting during which defendant Brick and Arctic Glacier's Chief Executive Officer met to divvy up the

California and Arizona markets. With respect to Home City, CW2 was told by other Reddy Ice employees that Reddy Ice and Arctic Glacier had agreed to stay out of certain Mid-West states where Home City had a presence. During the course of CW2's employment, CW2 also gained first-hand knowledge that defendants Weaver and Janusek knew of the unlawful allocation agreement with Home City.

53. Further according to CW2, although it appeared to the public that Arctic Glacier did not have a connection to the "consortium" at the time that Reddy Ice sold its manufacturing operations, defendant Brick knew that the consortium of companies that acquired Reddy Ice's manufacturing and distribution facilities in California was in fact a straw man set up by agreement between Reddy Ice and Arctic Glacier through which Arctic Glacier would subsequently acquire the packaged ice facilities in California. CW2 stated that Reddy Ice wanted to keep the details of Arctic Glacier's involvement "less obvious" since Reddy Ice was a public company.

54. Another former employee of Reddy Ice, Confidential Witness Number 3 ("CW3") confirmed information about the on-going unlawful allocation agreements between and among Reddy Ice, Home City and Arctic Glacier. CW3 is a former Reddy Ice Internal Audit Manager who was employed at Reddy Ice's Dallas, Texas headquarters immediately prior to and during the Class Period from June 2005 through July 2008. CW3 was responsible for overseeing Reddy Ice's internal audits and Sarbanes-Oxley testing, and for reporting highly-sensitive information about the Company's financial performance to Reddy Ice's Audit Committee.

55. CW3 stated that when Reddy Ice decided to pull out of the California packaged ice market, Reddy Ice's manufacturing facilities (except for an ice plant in Brawley, California) were purchased by a "California consortium" in 2003 or 2004. CW3 further stated that this

knowledge regarding the “infamous” California deal was gained through CW3’s conduct of internal audit duties attendant to CW3’s internal audit responsibilities. According to CW3, Reddy Ice and the consortium of companies entered into a “written covenant not to compete” whereby Reddy Ice agreed to purchase from the consortium a manufacturing plant built in Arizona.

56. Additionally, according to CW3, defendants Janusek and Brick, Nancy Green, Reddy Ice’s Vice President of Compliance, and Ben Key, Reddy Ice’s Vice President of Sales and Marketing, attended a meeting with Arctic Glacier executives during 2006. CW3 was told by other Reddy Ice employees that the purpose of this meeting was to discuss the execution of Arctic Glacier’s agreement to purchase the consortium that previously purchased the majority of Reddy Ice’s California manufacturing operations.

57. The collusive agreement to allocate exclusive markets for packaged ice distribution and sale in California and Arizona between Arctic Glacier and Reddy Ice, respectively, was confirmed by a fourth Confidential Witness (“CW4”), who is a former Plant Manager for one of Reddy Ice’s large manufacturing facilities in Arizona. CW4 was employed by Reddy Ice during the Class Period from mid-2007 through late-2008. CW4 stated that other Reddy Ice employees told CW4 that Reddy Ice and Arctic Glacier had “management meetings” and struck a deal whereby Arctic Glacier “stayed out of Arizona” while Reddy Ice agreed to leave California. CW4 stated that co-workers discussed with CW4 in detail the unlawful agreement and the fact that Reddy Ice’s collusive deal with Arctic Glacier was entered into prior to CW4’s employment with Reddy Ice.

58. Reddy Ice’s efforts to eliminate competition through illegal and aggressive means existed on both a regional and a local level. In addition to acquiring small, local competitors to

further enforce its exclusive market allocation, Reddy Ice used undisclosed aggressive measures to drive competitors out of business. According to CW2, CW2's co-worker, an assistant area controller with first-hand knowledge of this process, explained to CW2 in detail that if Reddy Ice was not interested in acquiring the local competitor for its customer base, Reddy Ice would simply temporarily reduce its prices dramatically and sustain losses until the smaller company went out of business. CW2's co-worker also explained to CW2 that Reddy Ice executed this plan in Arizona.

59. With respect to acquisitions, CW2 learned through conversations with CW2's co-worker that Reddy Ice planned to lower prices temporarily to force two local competitors – Northern Ice and Arizona Pure Ice – out of business so that Reddy Ice could easily acquire the competitors. Through CW2's position as an area controller, CW2 learned that Reddy Ice spent a “lot of money” on the acquisitions which CW2 believed resulted in a loss for the Company. CW2 further stated that CW2 was unsure why Reddy Ice paid the sum that it did for these companies, because CW2's review of the transaction during the course of CW2's controller responsibilities indicated that the acquired companies did not have the assets to substantiate the purchase price. CW2 explained that defendants Brick and Weaver and other Reddy Ice executives negotiated these acquisitions.

60. CW2 also had first-hand knowledge of Reddy Ice's plan to drive out the local competition in its otherwise exclusive territories under the illegal anticompetitive allocation agreement with Home City and Arctic Glacier. During the course of CW2's employment, CW2 learned that Reddy Ice was losing customers to North Star Ice in Lake Havasu, Arizona. CW2 suggested to CW2's supervisor – a Reddy Ice Area Vice President also located at the Company's Dallas headquarters – that Reddy Ice simply acquire the competitor. The Reddy Ice Vice

President said that Reddy Ice was not interested in acquiring North Star Ice, and that Reddy Ice was “going to teach [North Star Ice] a lesson,” since Reddy Ice was a “big company” that can “eat little people.” CW2 understood through conversation with the Reddy Ice Vice President that the plan to force Northstar out of business was to be executed during the summer of 2008. However, CW2 understood that the plan was not fully implemented due to the Department of Justice raid at Reddy Ice’s headquarters in March 2008.

61. On March 5, 2008, federal authorities executed a search warrant directed by the Antitrust Division of the DOJ and raided Reddy Ice’s Dallas, Texas headquarters in connection with a criminal probe of antitrust violations in the U.S. packaged ice industry. Immediately thereafter, on March 6, 2008, Reddy Ice publicly disclosed in a series of press releases and news conferences that a search warrant had been executed by the DOJ at the Company’s offices in connection with an antitrust investigation of the packaged ice industry, although Defendants denied any improprieties. In response to the DOJ’s execution of the search warrant, Reddy Ice’s Board of Directors formed a special committee of independent directors to conduct an internal investigation. Reddy Ice further disclosed in its Annual Report for fiscal 2007, which was filed on Form 10-K with the SEC, that employees, including members of management, had received grand jury subpoenas issued from the U.S. District Court for the Eastern District of Michigan, seeking information in connection with the DOJ’s packaged ice industry antitrust investigation.

62. On June 18, 2008, the U.S. District Court for the District of Ohio unsealed a guilty plea that had been executed by Home City on October 30, 2007, in which Home City, through its president and CEO, Thomas Sedler, as authorized by the board of directors, entered a guilty plea on behalf of Home City to criminal charges that Home City violated Section 1 of the Sherman Act, 15 U.S.C. § 1, by conspiring with other packaged ice firms to allocate customers