

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re: REDDY ICE HOLDINGS, INC. and REDDY ICE CORPORATION, Debtors.	Case Nos.: 12-32349 and 12-32350 Chapter 11 Jointly Administered
--	--

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY-TRADED SECURITIES OF REDDY ICE HOLDINGS, INC. BETWEEN AUGUST 10, 2005 AND SEPTEMBER 15, 2008, INCLUSIVE, AND WERE DAMAGED THEREBY (THE “CLASS”).¹

On April 12, 2012, Reddy Ice Holdings, Inc. and Reddy Ice Corporation (together, “Reddy Ice”) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”).

YOU ARE HEREBY NOTIFIED, pursuant to Rules 7023 and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), that a settlement of the action captioned *John Chamberlain, individually and on behalf of all others similarly situated, v. Reddy Ice Holdings, Inc., et al.*, Civil Action No. 2:08-cv-13451 (E.D. Mich.) (the “Securities Action”) for One Million Dollars (\$1,000,000) (the “Settlement Amount”) has been proposed in connection with Reddy Ice’s bankruptcy filing (the “Settlement”), and in the interests of justice and for the convenience of all parties, the Securities Action has been transferred to the Bankruptcy Court for purposes of approving and administering the Settlement in conjunction with other matters affecting the Reddy Ice bankruptcy estate.

A hearing will be held before the Honorable Stacey G.C. Jernigan in the Bankruptcy Court, Earle Cabell Building, U.S. Courthouse, 1100 Commerce Street, Dallas, Texas 75242-1496 at 9:30 a.m. (prevailing Central Time) on May 18, 2012 to determine, among other items related to Reddy Ice’s bankruptcy proceeding: (1) whether the proposed Settlement, as set forth in the Stipulation and Agreement of Settlement (“Settlement Agreement”), is fair and reasonable and should be approved pursuant to Bankruptcy Rule 9019; (2) whether the Class described above should be certified for purposes of settlement pursuant to Bankruptcy Rule 7023; (3) whether the proposed plan for allocating the settlement proceeds, as set forth on the website, <http://classaction.kccllc.net/ReddyIce> should be approved; and (4) whether Lead Counsel’s application for an award of attorneys’ fees not to exceed 15% of the Settlement Amount and reimbursement of expenses not to exceed \$300,000 should be approved.

¹ Excluded from the Class are the Defendants (*i.e.*, Reddy Ice, William P. Brick, Steven J. Janusek and Jimmy C. Weaver), current and former officers and directors of Reddy Ice, members of the immediate family of each of the individual defendants and their legal representatives, heirs, successors, or assigns and any entity in which Defendants have or had a controlling interest. Also excluded from the Class are any person or entity who excludes themselves by requesting exclusion from the Class in accordance with the requirements set forth herein.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT AMOUNT. If you are a member of the Class, in order to be eligible to receive a payment from the proposed Settlement, you must submit a Proof of Claim form, along with the supporting documentation requested in the Proof of Claim form, **postmarked no later than July 18, 2012** to Reddy Ice Holdings Class Action, c/o KCC Class Action Services, P.O. Box 6177, Novato, CA 94948-6177. You can obtain a copy of the Proof of Claim form by visiting the website <http://classaction.kccllc.net/ReddyIce>, or you can call (866) 731-4775 and request that a Proof of Claim form be mailed to you. If you are a member of the Class and do not submit a proper Proof of Claim form, you will not share in the distribution of the net proceeds of the Settlement, but you will nevertheless be bound by any order pertaining to the Settlement that is entered by the Bankruptcy Court. Depending on the number of claims filed and when Class Members purchased, acquired and sold their Reddy Ice securities, the estimated average recovery per damaged share of Reddy Ice common stock will be approximately \$.032 (before the deduction of attorneys' fees and expenses set forth above and before payments that would be made to those with transactions in options).² Additionally, if the amount of attorneys' fees and expenses set forth above are requested and approved by the Court, the average cost per damaged share of Reddy Ice common stock will be approximately \$.014. Please note that these amounts are only estimates.

If you are a member of the Class, you also have the right to exclude yourself from the Class or to submit an objection to the proposed Settlement, Plan of Allocation and/or application for attorneys' fees and reimbursement of expenses. To exclude yourself from the Class, you must submit a letter stating that you "request exclusion from the Class in the *In re Reddy Ice Holdings, Inc. Bankruptcy Case*, Case Nos. 12-32349 and 12-32350" and your request must be received by Lead Counsel (at the address set forth below) on or before May 11, 2012. **In light of Reddy Ice's bankruptcy, if you choose to exclude yourself from the Class, you will have limited rights, if any, to proceed against the Defendants for the claims asserted in the Securities Action.** If you are a member of the Class and do not exclude yourself from the Class, you will be bound by any order pertaining to the Settlement that is entered by the Bankruptcy Court. Any objections to the proposed Settlement, Plan of Allocation, and/or application for attorneys' fees and reimbursement of expenses must be filed with the Clerk of the Bankruptcy Court, at the Earle Cabell Building, U.S. Courthouse, 1100 Commerce Street, Room 1254, Dallas, Texas 75242-1496, and submitted to Lead Counsel (at the address set forth below) on or before May 11, 2012.

Please Note: More information regarding the Settlement and Reddy Ice's bankruptcy proceeding can be obtained by visiting the website <http://classaction.kccllc.net/ReddyIce>. The procedural history of the Securities Action and the terms of the Settlement are contained in the Settlement Agreement which is posted on the website. Also posted on the website is the plan for allocating the settlement proceeds among those members of the Class who submit proper Proofs of Claim.

PLEASE DO NOT CONTACT THE BANKRUPTCY COURT REGARDING THIS NOTICE. Inquiries, other than requests for copies of the Proof of Claim form, may be made to Lead Counsel: Michael K. Yarnoff, Esq., and Kimberly A. Justice, Esq., Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, (610) 667-7706.

² The combined recovery for the put/call options shall not exceed 3% of the Net Settlement Fund. See the Plan of Allocation available for review at <http://classaction.kccllc.net/ReddyIce>.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND
AMONG CLASS MEMBERS

On April 12, 2012, Reddy Ice Holdings, Inc. (“Reddy Ice”) and Reddy Ice Corporation (together with Reddy Ice, the “Debtors”) filed voluntary petitions in the Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court” or “Court”) for relief under Chapter 11 of the Bankruptcy Code. Please be advised that a cash settlement of \$1,000,000 (“Settlement Fund”) has been obtained in the securities class action titled *John Chamberlain, individually and on behalf of all others similarly situated, v. Reddy Ice Holdings, Inc., et al.*, Civil Action No. 2:08-cv-13451 (E.D. Mich.), which action has been transferred to the Bankruptcy Court under the Case Nos. 12-32349 and 12-32350 for purposes of approving and administering the Settlement, and ultimately distributing the Settlement Fund to the Class in the securities class action, in conjunction with other matters affecting the Reddy Ice bankruptcy estate. The balance of the Settlement Fund after payment of Court-approved attorneys’ fees and expenses, the costs of claims administration and any taxes (“Net Settlement Fund”), will be divided among Class Members who submit timely and valid claim forms to the claims administrator for the Debtors, Kurtzman Carson Consultants LLC (the “Claims Agent”), and are approved for payment from the Net Settlement Fund (“Authorized Claimants”) pursuant to a Court-approved Plan of Allocation.

PLEASE NOTE: You can obtain a copy of the Proof of Claim form by visiting the website <http://classaction.kccllc.net/ReddyIce>, or you can call the Claims Agent at (866) 731-4775 and request that a Proof of Claim form be mailed to you.

The Plan of Allocation set forth below is the plan that is being proposed by Lead Plaintiffs and their counsel to the Court for approval. The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the settling parties, or another plan of allocation, without further notice to Class Members.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against the Defendants, the Released Parties, Defendants’ Counsel, Lead Plaintiffs, Plaintiffs’ Counsel or the Claims Agent or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and Agreement of Settlement (“Settlement Agreement”)¹ and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant’s Proof of Claim. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

The Claims Agent shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim” as calculated pursuant to the Plan of Allocation set forth below. A Recognized Claim will be calculated for the Reddy Ice securities listed in the Proof of Claim submitted, and for which adequate documentation is provided. The Recognized Claim calculation will depend upon several factors, including what type of Reddy Ice securities were purchased/acquired, when the securities were purchased/acquired and when the securities were sold.

Please Note: The Recognized Claim calculation, set forth below, is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim calculation is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, “*pro rata* share”). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Agent has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks and in no event earlier than one (1) year after the initial distribution of such funds, the Claims Agent can either perform a second distribution, if economically feasible, or contribute any balance remaining in the Net Settlement Fund to a 503(c) charity selected by Lead Counsel.

¹ All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Stipulation.

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM:

I. COMMON STOCK²:

A. For shares of Reddy Ice common stock purchased, or acquired, on or between August 10, 2005 and March 6, 2008, inclusive, the Recognized Claim per share shall be as follows:

- (a) If sold prior to March 7, 2008, the Recognized Claim per share is zero.
- (b) If sold on or between March 7, 2008 and August 6, 2008, inclusive, the Recognized Claim per share shall be the *lesser* of: (i) \$7.73 (*i.e.*, the March 7, 2008 Price Decline), or (ii) the difference between the purchase price per share and the sales price per share.
- (c) If sold on or between August 7, 2008 and September 15, 2008, inclusive, the Recognized Claim per share shall be the *lesser* of: (i) \$10.13 (*i.e.*, the March 7, 2008 and August 7, 2008 Price Declines), or (ii) the difference between the purchase price per share and the sales price per share.
- (d) If retained at the close of trading on September 15, 2008 and sold before December 12, 2008³, the Recognized Claim per share shall be the *lesser* of: (i) \$12.48 (*i.e.*, the March 7, 2008, August 7, 2008 and September 16, 2008 Price Declines); or (ii) the difference between the purchase price per share and the sales price per share; or (iii) the difference between the purchase price per share and the average closing price per share as of the date of sale as set forth in Table A below.
- (e) If retained, or sold, on or after December 12, 2008, the Recognized Claim per share shall be the *lesser* of: (i) \$12.48 (*i.e.*, the March 7, 2008, August 7, 2008 and September 16, 2008 Price Declines), or (ii) the difference between the purchase price per share and \$2.29 (*i.e.*, the PSLRA 90-day look-back amount) per share.

B. For shares of Reddy Ice common stock purchased, or acquired, on or between March 7, 2008 and August 6, 2008, inclusive, the Recognized Claim per share shall be as follows:

- (a) If sold prior to August 7, 2008, the Recognized Claim per share is zero.
- (b) If sold on or between August 7, 2008 and September 15, 2008, inclusive, the Recognized Claim per share shall be the *lesser* of: (i) \$2.40 (*i.e.*, the August 7, 2008 Price Decline), or (ii) the difference between the purchase price per share and the sales price per share.
- (c) If retained at the close of trading on September 15, 2008 and sold before December 12, 2008, the Recognized Claim per share shall be the *lesser* of: (i) \$4.75 (*i.e.*, the August 7, 2008 & September 16, 2008 Price Declines); or (ii) the difference between the purchase price per share and the sales price per share; or (iii) the difference between the purchase price per share and the average closing price per share as of the date of sale as set forth in Table A below.
- (d) If retained, or sold, on or after December 12, 2008, the Recognized Claim per share shall be the *lesser* of: (i) \$4.75 (*i.e.*, the August 7, 2008 and September 16, 2008 Price Declines), or (ii) the difference between the purchase price per share and \$2.29 (*i.e.*, the PSLRA 90-day look-back amount) per share.

C. For shares of Reddy Ice common stock purchased, or acquired, on or between August 7, 2008 and September 15, 2008, inclusive, the Recognized Claim per share shall be as follows:

- (a) If sold prior to September 15, 2008, the Recognized Claim per share is zero.
- (b) If retained at the close of trading on September 15, 2008 and sold before December 12, 2008, the Recognized Claim per share shall be the *lesser* of: (i) \$2.35 (*i.e.*, the September 16, 2008 Price Decline); or (ii) the difference between the purchase price per share and the sales price per share; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in Table A below.
- (c) If retained, or sold, on or after December 12, 2008, the Recognized Claim per share shall be the *lesser* of: (i) \$2.35 (*i.e.*, the September 16, 2008 Price Decline), or (ii) the difference between the purchase price per share and \$2.29 (*i.e.*, the PSLRA 90-day look-back amount) per share.

² The allocation formula for Reddy Ice common stock below is based on the following price declines as well as the statutory PSLRA 90-day look-back amount of \$2.29: (i) March 7, 2008 Price Decline: \$7.73; (ii) August 7, 2008 Price Decline: \$2.40; and (iii) September 16, 2008 Price Decline: \$2.35.

³ The Private Securities Litigation Reform Act of 1995 (the "PSLRA") provides for a 90-day look-back period which is incorporated into the calculation of the Section 10(b) Recognized Claim Amount. Under this provision, losses on securities purchased during the Class Period and held as of the end of the PSLRA 90-day look-back period cannot exceed the difference between the purchase price paid and the average closing price during the PSLRA 90-day look-back period. Losses on securities purchased during the Class Period and sold during the PSLRA 90-day look-back period cannot exceed the difference between the purchase price paid during the Class Period and the rolling average of the closing stock prices during the PSLRA 90-day look-back period as of the date of sale.

TABLE A		
DATE	CLOSING PRICE	AVERAGE CLOSING PRICE
9/16/2008	\$4.40	\$4.40
9/17/2008	\$3.43	\$3.92
9/18/2008	\$3.42	\$3.75
9/19/2008	\$4.10	\$3.84
9/22/2008	\$4.15	\$3.90
9/23/2008	\$3.91	\$3.90
9/24/2008	\$3.92	\$3.90
9/25/2008	\$3.92	\$3.91
9/26/2008	\$3.56	\$3.87
9/29/2008	\$3.01	\$3.78
9/30/2008	\$3.65	\$3.77
10/1/2008	\$3.15	\$3.72
10/2/2008	\$2.82	\$3.65
10/3/2008	\$2.84	\$3.59
10/6/2008	\$2.56	\$3.52
10/7/2008	\$2.54	\$3.46
10/8/2008	\$2.26	\$3.39
10/9/2008	\$2.12	\$3.32
10/10/2008	\$2.42	\$3.27
10/13/2008	\$2.57	\$3.24
10/14/2008	\$2.65	\$3.21
10/15/2008	\$2.50	\$3.18
10/16/2008	\$2.32	\$3.14
10/17/2008	\$1.99	\$3.09
10/20/2008	\$2.02	\$3.05
10/21/2008	\$1.86	\$3.00
10/22/2008	\$2.20	\$2.97
10/23/2008	\$2.54	\$2.96
10/24/2008	\$2.15	\$2.93
10/27/2008	\$2.18	\$2.91
10/28/2008	\$2.37	\$2.89
10/29/2008	\$2.38	\$2.87
10/30/2008	\$2.52	\$2.86
10/31/2008	\$2.66	\$2.86
11/3/2008	\$2.81	\$2.85
11/4/2008	\$2.54	\$2.85
11/5/2008	\$2.39	\$2.83
11/6/2008	\$2.41	\$2.82
11/7/2008	\$2.35	\$2.81
11/10/2008	\$2.09	\$2.79
11/11/2008	\$1.91	\$2.77
11/12/2008	\$1.57	\$2.74
11/13/2008	\$1.64	\$2.72
11/14/2008	\$1.38	\$2.69
11/17/2008	\$1.17	\$2.65
11/18/2008	\$1.27	\$2.62
11/19/2008	\$0.47	\$2.58
11/20/2008	\$0.53	\$2.53
11/21/2008	\$0.55	\$2.49
11/24/2008	\$0.45	\$2.45
11/25/2008	\$0.44	\$2.41
11/26/2008	\$0.85	\$2.38
11/28/2008	\$1.20	\$2.36
12/1/2008	\$1.55	\$2.35
12/2/2008	\$1.85	\$2.34
12/3/2008	\$1.71	\$2.33
12/4/2008	\$1.78	\$2.32
12/5/2008	\$1.77	\$2.31
12/8/2008	\$1.84	\$2.30
12/9/2008	\$2.00	\$2.29
12/10/2008	\$2.53	\$2.30
12/11/2008	\$2.15	\$2.30
12/12/2008	\$2.06	\$2.29

II. CALL OPTIONS:

A. For call options on Reddy Ice common stock *purchased on or between August 10, 2005 and September 15, 2008, inclusive*, and:

- (a) held at the close of trading on March 6, 2008 and/or, August 6, 2008 and/or September 15, 2008, the Recognized Claim per call option shall be the difference between the price paid for the call option less the proceeds received upon the settlement of the call option contract;
- (b) not held at the close of trading on March 6, 2008 and/or, August 6, 2008 and/or September 15, 2008, the Recognized Claim per call option is \$0.

B. For call options on Reddy Ice common stock *written on or between August 10, 2005 and September 15, 2008, inclusive*, the Recognized Claim per call option is \$0.

III. PUT OPTIONS:

A. For put options on Reddy Ice common stock *written on or between August 10, 2005 and September 15, 2008, inclusive*, and:

- (a) held at the close of trading on March 6, 2008 and/or, August 6, 2008 and/or September 15, 2008, the Recognized Claim per put option shall be the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract;
- (b) not held at the close of trading on March 6, 2008 and/or, August 6, 2008 and/or September 15, 2008, the Recognized Claim per put option is \$0.

B. For put options on Reddy Ice common stock *purchased on or between August 10, 2005 through September 15, 2008, inclusive*, the Recognized Claim per put option is \$0.

Note: In the case the option was exercised for Reddy Ice common stock, the amount paid, or proceeds received, upon the settlement of the option contract equals the intrinsic value of the option using Reddy Ice common stock's closing price on the date the option was exercised.

** Please Note: The combined recovery for the put/call options shall not exceed 3% of the Net Settlement Fund.

ADDITIONAL PLAN OF ALLOCATION PROVISIONS

For purposes of calculating your Recognized Claim, the date of purchase, acquisition or sale is the "contract" or "trade" date and not the "settlement" or "payment" date. To the extent applicable, the receipt or grant by gift, inheritance or operation of law of Reddy Ice securities during the Class Period shall not be deemed a purchase, acquisition or sale of Reddy Ice securities for the calculation of an Authorized Claimant's Recognized Claim nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Reddy Ice securities unless (i) the donor or decedent purchased or otherwise acquired the Reddy Ice securities during the Class Period; (ii) no Proof of Claim was submitted by or on behalf of the donor or decedent, or by anyone else with respect to such Reddy Ice securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

All purchases, acquisitions and sales of Reddy Ice securities shall be accounted for and matched using the first-in-first-out (FIFO) method of accounting. To the extent applicable, in the event that a claimant has more than one purchase or acquisition of Reddy Ice securities during the Class Period, all purchases, acquisitions and sales will be matched, in chronological order, beginning with the claimant's first purchase/acquisition during the Class Period and thereafter, in chronological order, against subsequent purchases and acquisitions of the same type of securities made during the Class Period. Class Period sales matched to shares of Reddy Ice securities held at the beginning of the Class Period shall be excluded from the calculation of Recognized Claims.