

GLACIER WATER SERVICES, INC. *Press Release*

For More Information, Call:
Steve Stringer, Chief Financial Officer
(760) 560-1111

For Release Immediately
May 12, 2008

GLACIER WATER ANNOUNCES FIRST QUARTER 2008 RESULTS

VISTA, Calif., May 12, 2008 – Glacier Water Services, Inc. (GWSV.pk) announced results for the quarter ended March 30, 2008.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Glacier achieved first quarter revenues of \$20,880,000, up 1.2% over the same period last year. The rate of growth was moderated by a couple of factors including soft sales in the Midwest driven by cold and wet weather and the impact of replacing some mature locations with newer developing locations. On a same store basis, sales increased by 5.3% as compared to last year. Loss from operations for the first quarter was \$245,000 and was driven by higher operating costs to support new location growth and increased fuel costs. At the end of the first quarter of 2008, Glacier had more than 16,300 machines at retailers across the U.S. and Canada providing high quality, great tasting drinking water.”

Revenues for the quarter ended March 30, 2008 increased to \$20,880,000 from \$20,638,000, representing a 1.2% increase versus last year. The increase in revenue was primarily the result of higher volume per machine and more machine locations year-over-year. The net increase in machines in operation at March 30, 2008 as compared to April 1, 2007 was approximately 400.

The Company’s loss from operations for the quarter ended March 30, 2008 was \$245,000 compared to income from operations of \$127,000 for the same period last year. The loss from operations for the first quarter 2008 includes non-cash compensation expense of \$80,000 as compared to \$62,000 for the first quarter 2007. Additionally, the Company incurred higher operating costs in the form of labor, machine maintenance, and fuel costs. Fuel costs in particular increased \$83,000 as compared to last year.

The Company’s net loss applicable to common stockholders for the first quarter ended March 30, 2008, was \$2,440,000, or \$0.91 per basic and diluted share, compared to a loss of \$2,171,000, or \$0.84 per basic and diluted share for the same period last year.

With approximately 16,300 machines located in 43 States throughout the United States and Canada, Glacier is the leading provider of high quality, low-priced drinking water dispensed to consumers through self-service bottled water machines located at supermarkets and other retail locations.

Statements in this announcement that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A copy of the Company’s audited financial statements for the year ended December 30, 2007 are available on the Company’s website, www.glacierwater.com, or can be obtained by contacting Steve Stringer at (760) 560-1111.

(more)

FINANCIAL RESULTS**GLACIER WATER SERVICES, INC.****Summary Financial Information****Consolidated Statements of Operations**

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended	
	March 30, 2008	April 1, 2007
Revenues	\$ 20,880	\$ 20,638
Operating costs and expenses:		
Operating expenses	13,686	13,191
Depreciation and amortization	3,937	3,920
Cost of goods sold	17,623	17,111
Selling, general, and administrative expenses	3,502	3,400
Total operating costs and expenses	21,125	20,511
Income from operations	(245)	127
Interest expense	2,195	2,298
Loss before income taxes	(2,440)	(2,171)
Income tax benefit	-	-
Net loss applicable to common stockholders	\$ (2,440)	\$ (2,171)
Basic and diluted loss per share:		
Net loss applicable to common stockholders	\$ (0.91)	\$ (0.84)
Weighted average shares used in calculation	2,690,613	2,599,539
Cash dividend per common share	\$ 0.50	\$ 0.40

FINANCIAL RESULTS**GLACIER WATER SERVICES, INC.****Consolidated Balance Sheets**
(In thousands, except share data)

Assets	March 30, 2008	December 30, 2007
	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 2,774	\$ 3,120
Accounts receivable, net of allowance for doubtful accounts of \$62 and \$61 as of March 30, 2008 and December 30, 2007, respectively	1,691	1,617
Repair parts	2,655	2,561
Prepaid expenses and other	1,352	1,161
Total current assets	<u>8,472</u>	<u>8,459</u>
Property and equipment, net	46,042	47,698
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,283 and \$1,279 as of March 30, 2008 and December 30, 2007, respectively	76	88
Investment in Glacier Water Trust I Common Securities	2,629	2,629
Investment in Glacier Water Trust I Preferred Securities	3,357	3,357
Deferred financing costs, net	4,639	4,661
Other assets	644	465
Total assets	<u>\$ 72,939</u>	<u>\$ 74,437</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,486	\$ 1,148
Accrued commissions	2,716	2,580
Accrued liabilities	3,137	4,386
Bank overdraft	1,582	2,068
Current portion of long-term notes payable	4	57
Current portion of deferred rent	50	50
Total current liabilities	<u>8,975</u>	<u>10,289</u>
Long-term debt	87,629	87,629
Long-term line of credit and notes payable	22,817	19,197
Long-term portion of deferred rent	56	67
Total liabilities	<u>119,477</u>	<u>117,182</u>
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding 2,690,693, and 2,690,568 shares at March 30, 2008 and December 30, 2007, respectively	44	44
Additional paid-in capital	17,974	19,244
Retained deficit	(32,317)	(29,877)
Treasury stock, at cost, 1,587,606 shares at March 30, 2008 and December 30, 2007	(32,562)	(32,562)
Accumulated other comprehensive income	323	406
Total stockholders' deficit	<u>(46,538)</u>	<u>(42,745)</u>
Total liabilities and stockholders' deficit	<u>\$ 72,939</u>	<u>\$ 74,437</u>