

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
August 5, 2008

GLACIER WATER ANNOUNCES SECOND QUARTER AND YTD RESULTS

VISTA, Calif., August 5, 2008 – Glacier Water Services, Inc. (Pink Sheets: GWSV) announced results for the quarter and six-month period ended June 29, 2008.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Total revenues for the second quarter and the six-month period were up 4.2% and 2.8%, respectively, versus the same periods last year. Same store revenue growth for the six-month period was 7.6%. Income from operations for the second quarter increased slightly to \$1,212,000, and was impacted by higher operating costs to support new location growth and increased fuel costs. Glacier has approximately 16,600 machines at retailers across the U.S. and Canada providing high quality, great tasting drinking water.”

Revenues for the quarter ended June 29, 2008 increased 4.2% to \$23,832,000 compared to \$22,870,000 for the same quarter a year ago. For the six-month period ended June 29, 2008, revenues increased 2.8% to \$44,711,000 compared to \$43,508,000 for the same period a year ago. The increases in revenue for the quarter and the six-month periods were primarily the result of growth in the number of locations this year (plus 500 machines) compared to the same periods last year, coupled with an increase in average volume per machine.

The Company’s income from operations for the quarter ended June 29, 2008 was \$1,212,000 compared to \$1,172,000 for the same period last year. For the six-month period ended June 29, 2008, income from operations was \$967,000 compared to \$1,299,000 for the same period last year. Income from operations in the three- and six-month periods were negatively impacted by higher operating costs, including labor and machine maintenance associated with new location growth, and fuel costs. Fuel costs for the first six months of 2008 increased \$140,000 as compared to the same period last year. Additionally, income from operations for the first six months of 2008 included non-cash compensation expense of \$160,000 as compared to \$136,000 for the first six months of 2007.

The Company’s net loss applicable to common stockholders for the quarter ended June 29, 2008 was \$922,000, or \$0.34 per basic and diluted share, compared to a loss of \$1,102,000, or \$0.42 per basic and diluted share, for the same period last year. For the six-month period ended June 29, 2008, the net loss applicable to common stockholders was \$3,362,000, or \$1.25 per basic and diluted share, compared to a loss of \$3,273,000, or \$1.25 per basic and diluted share, for the same period last year.

With approximately 16,600 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****GLACIER WATER SERVICES, INC.****Consolidated Statements of Operations**

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2008	July 1, 2007	June 29, 2008	July 1, 2007
Revenues	\$ 23,832	\$ 22,870	\$ 44,711	\$ 43,508
Operating costs and expenses:				
Operating expenses	15,138	14,419	28,824	27,610
Depreciation and amortization	3,907	3,954	7,844	7,874
Cost of goods sold	19,045	18,373	36,668	35,484
Selling, general, and administrative expenses	3,575	3,325	7,076	6,725
Total operating costs and expenses	22,620	21,698	43,744	42,209
Income from operations	1,212	1,172	967	1,299
Interest expense	2,134	2,274	4,329	4,572
Loss before income taxes	(922)	(1,102)	(3,362)	(3,273)
Income tax benefit	-	-	-	-
Net loss applicable to common stockholders	\$ (922)	\$ (1,102)	\$ (3,362)	\$ (3,273)
Basic and diluted loss per share:				
Net loss applicable to common stockholders	\$ (0.34)	\$ (0.42)	\$ (1.25)	\$ (1.25)
Weighted average shares used in calculation	2,704,133	2,620,707	2,697,373	2,610,123
Cash dividend per common share	\$ 0.50	\$ 0.40	\$ 1.00	\$ 0.80

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

Assets	June 29, 2008	December 30, 2007
	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 3,282	\$ 3,120
Accounts receivable, net of allowance for doubtful accounts of \$63 and \$61 as of June 29, 2008 and December 30, 2007, respectively	1,738	1,617
Repair parts	2,717	2,561
Prepaid expenses and other	1,342	1,161
Total current assets	<u>9,079</u>	<u>8,459</u>
Property and equipment, net	45,349	47,698
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,294 and \$1,279 as of June 29, 2008 and December 30, 2007, respectively	67	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	4,617	4,661
Other assets	767	465
Total assets	<u>\$ 72,945</u>	<u>\$ 74,437</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,636	\$ 1,148
Accrued commissions	3,392	2,580
Accrued liabilities	3,588	4,386
Bank overdraft	2,286	2,068
Current portion of long-term notes payable	3	57
Current portion of deferred rent	54	50
Total current liabilities	<u>10,959</u>	<u>10,289</u>
Long-term debt	87,629	87,629
Long-term line of credit and notes payable	22,767	19,197
Long-term portion of deferred rent	40	67
Total liabilities	<u>121,395</u>	<u>117,182</u>
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding 2,706,193, and 2,690,568 shares at June 29, 2008 and December 30, 2007, respectively	44	44
Additional paid-in capital	16,953	19,244
Retained deficit	(33,239)	(29,877)
Treasury stock, at cost, 1,587,606 shares at June 29, 2008 and December 30, 2007	(32,562)	(32,562)
Accumulated other comprehensive income	354	406
Total stockholders' deficit	<u>(48,450)</u>	<u>(42,745)</u>
Total liabilities and stockholders' deficit	<u>\$ 72,945</u>	<u>\$ 74,437</u>