

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES THIRD QUARTER AND YTD RESULTS

VISTA, Calif., November 5, 2008 – Glacier Water Services, Inc. (Pink Sheets: GWSV) announced results for the quarter and nine-month period ended September 28, 2008.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Total revenues for the third quarter and the nine-month period were up 4.4% and 3.4%, respectively, versus the same periods last year. Same store revenue growth for the nine-month period continued its positive trend and was up 9.1%. Income from operations for the third quarter was \$2,827,000 and was impacted by higher operating costs to support new location growth and increased fuel costs. Glacier has approximately 17,000 machines at retailers across the U.S. and Canada providing high quality, great tasting drinking water.”

Revenues for the quarter ended September 28, 2008 increased 4.4% to \$27,285,000 compared to \$26,140,000 for the same quarter a year ago. For the nine-month period ended September 28, 2008, revenues increased 3.4% to \$71,996,000 compared to \$69,648,000 for the same period a year ago. The increases in revenue for the quarter and the nine-month periods were primarily the result of growth in the number of locations this year compared to the same periods last year (increase of 750 machines), coupled with an increase in average volume per machine.

The Company’s income from operations for the quarter ended September 28, 2008 was \$2,827,000 compared to \$2,847,000 for the same period last year. For the nine-month period ended September 28, 2008, income from operations was \$3,794,000 compared to \$4,145,000 for the same period last year. Income from operations in the three- and nine-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 nine months of 2008 increased \$295,000 as compared to the same period last year. Additionally, income from operations for the first nine months of 2008 included non-cash compensation expense of \$241,000 as compared to \$217,000 for the first nine months of 2007.

The Company’s net profit applicable to common stockholders for the quarter ended September 28, 2008 was \$686,000, or \$0.25 per basic share and \$0.24 per diluted share, compared to a profit of \$606,000, or \$0.23 per basic share and \$0.21 per diluted share, for the same period last year. For the nine-month period ended September 28, 2008, the net loss applicable to common stockholders was \$2,676,000, or \$0.99 per basic and diluted share, compared to a loss of \$2,667,000, or \$1.01 per basic and diluted share, for the same period last year.

With approximately 17,000 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)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Sept. 28</u> <u>2008</u> | <u>Sept. 30</u> <u>2007</u> | <u>Sept. 28</u> <u>2008</u> | <u>Sept. 30</u> <u>2007</u> |
| Revenues | \$ 27,285 | \$ 26,140 | \$ 71,996 | \$ 69,648 |
| Operating costs and expenses: | | | | |
| Operating expenses | 17,210 | 15,946 | 46,033 | 43,556 |
| Depreciation and amortization | 3,864 | 3,963 | 11,708 | 11,837 |
| Cost of goods sold | 21,074 | 19,909 | 57,741 | 55,393 |
| Selling, general, and administrative expenses | 3,384 | 3,384 | 10,461 | 10,110 |
| Total operating costs and expenses | 24,458 | 23,293 | 68,202 | 65,503 |
| Income from operations | 2,827 | 2,847 | 3,794 | 4,145 |
| Interest expense | 2,141 | 2,241 | 6,470 | 6,812 |
| Income (loss) before income taxes | 686 | 606 | (2,676) | (2,667) |
| Income tax benefit | - | - | - | - |
| Net Income (loss) applicable to common stockholders | \$ 686 | \$ 606 | \$ (2,676) | \$ (2,667) |
| Basic income (loss) per share: | | | | |
| Net income (loss) applicable to common stockholders | \$ 0.25 | \$ 0.23 | \$ (0.99) | \$ (1.01) |
| Weighted average shares used in calculation | 2,706,364 | 2,666,418 | 2,700,370 | 2,628,888 |
| Diluted income (loss) per share: | | | | |
| Net income (loss) applicable to common stockholders | \$ 0.24 | \$ 0.21 | \$ (0.99) | \$ (1.01) |
| Weighted average shares used in calculation | 2,851,056 | 2,821,345 | 2,700,370 | 2,628,888 |
| Cash dividend per common share | \$ 0.50 | \$ 0.50 | \$ 1.50 | \$ 1.30 |

FINANCIAL RESULTS

GLACIER WATER SERVICES, INC.

Consolidated Balance Sheets (In thousands, except share data)

| Assets | September 28, 2008 (unaudited) | December 30, 2007* |
|--|--------------------------------------|-----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 3,605 | \$ 3,120 |
| Accounts receivable, net of allowance for doubtful accounts of \$63 and \$61 as of September 28, 2008 and December 30, 2007, respectively | 1,852 | 1,617 |
| Repair parts | 2,866 | 2,561 |
| Prepaid expenses and other | 1,091 | 1,161 |
| Total current assets | <u>9,414</u> | <u>8,459</u> |
| Property and equipment, net | 45,221 | 47,698 |
| Goodwill | 7,080 | 7,080 |
| Intangible assets, net of accumulated amortization of \$1,300, and \$1,279 as of September 28, 2008 and December 30, 2007, respectively | 56 | 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 | 4,596 | 4,661 |
| Other assets | 669 | 465 |
| Total assets | <u>\$ 73,022</u> | <u>\$ 74,437</u> |
| Liabilities and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,480 | \$ 1,148 |
| Accrued commissions | 3,854 | 2,580 |
| Accrued liabilities | 3,447 | 4,386 |
| Bank overdraft | 1,688 | 2,068 |
| Current portion of long-term notes payable | 1 | 57 |
| Current portion of deferred rent | 56 | 50 |
| Total current liabilities | <u>10,526</u> | <u>10,289</u> |
| Long-term debt | 87,629 | 87,629 |
| Long-term line of credit and notes payable | 23,906 | 19,197 |
| Long-term portion of deferred rent | 25 | 67 |
| Total liabilities | <u>122,086</u> | <u>117,182</u> |
| Commitments and contingencies | | |
| Stockholders' deficit: | | |
| Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding 2,709,793, and 2,690,568 shares at September 28, 2008 and December 30, 2007, respectively | 44 | 44 |
| Additional paid-in capital | 15,708 | 19,244 |
| Retained deficit | (32,553) | (29,877) |
| Treasury stock, at cost, 1,587,606 shares at September 28, 2008 and December 30, 2007 | (32,562) | (32,562) |
| Accumulated other comprehensive income | 299 | 406 |
| Total stockholders' deficit | <u>(49,064)</u> | <u>(42,745)</u> |
| Total liabilities and stockholders' deficit | <u>\$ 73,022</u> | <u>\$ 74,437</u> |

*Amounts derived from audited information