

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
August 7th, 2009

GLACIER WATER ANNOUNCES SECOND QUARTER 2009 RESULTS

VISTA, Calif., August 7th, 2009 – Glacier Water Services, Inc. (GWSV.pk) announced results for the second quarter ended June 28, 2009.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Total revenues for the second quarter and the six-month period ended June 28, 2009 increased 7.5% and 8.4%, respectively, versus comparable periods last year. Revenue growth was driven by an increase in machines deployed and sales per machine. Income from operations for the second quarter was \$2,129,000 compared to \$1,212,000 a year ago. Net income for the second quarter was \$77,000 compared to a net loss of \$922,000 for the same quarter last year. At the end of the second quarter, Glacier had more than 17,600 machines located at retailers across the U.S. and Canada providing high quality, great tasting drinking water.”

Revenues for the second quarter ended June 28, 2009 increased 7.5% to \$25,627,000 compared to \$23,832,000 for the same quarter a year ago. For the six-month period ended June 28, 2009, revenues increased 8.4% to \$48,466,000 compared to \$44,711,000 for the same period a year ago. The increase in revenue for the second quarter and the six-month period was primarily the result of an increase in the number of machines on location (+1,100 versus a year ago) coupled with an increase in average sales per machine.

The Company’s income from operations for the second quarter ended June 28, 2009 was \$2,129,000 compared to \$1,212,000 for the same period last year. For the six-month period ended June 28, 2009, income from operations was \$2,798,000 compared to \$967,000 for the same period last year. Income from operations in the three- and six-month periods were positively impacted by increased margin from strong revenue growth. Income from operations for the first six months of 2009 included non-cash compensation expense of \$178,000 as compared to \$160,000 for the first six months of 2008.

The Company’s net income applicable to common stockholders for the quarter ended June 28, 2009 was \$77,000, or \$0.03 per basic and diluted share, compared to a loss of \$922,000, or \$0.34 per basic and diluted share, for the same period last year. For the six-month period ended June 28, 2009, the net loss applicable to common stockholders was \$1,347,000, or \$0.50 per basic and diluted share, compared to a loss of \$3,362,000, or \$1.25 per basic and diluted share, for the same period last year.

With more than 17,600 machines located in 42 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 28, 2008 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 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Revenues	\$ 25,627	23,832	48,466	44,711
Operating costs and expenses:				
Operating expenses	16,103	15,138	30,780	28,824
Depreciation and amortization	3,841	3,907	7,743	7,844
Cost of goods sold	19,944	19,045	38,523	36,668
Selling, general, and administrative expenses	3,554	3,575	7,145	7,076
Total operating costs and expenses	23,498	22,620	45,668	43,744
Income from operations	2,129	1,212	2,798	967
Interest expense	2,052	2,134	4,145	4,329
Income (loss) before income taxes	77	(922)	(1,347)	(3,362)
Income tax benefit	-	-	-	-
Net income (loss) applicable to common stockholders	\$ 77	(922)	(1,347)	(3,362)
Basic income (loss) per share:				
Net income (loss) applicable to common stockholders	\$ 0.03	(0.34)	(0.50)	(1.25)
Weighted average shares used in calculation	2,711,673	2,704,133	2,711,637	2,697,373
Diluted income (loss) per share:				
Net income (loss) applicable to common stockholders	\$ 0.03	(0.34)	(0.50)	(1.25)
Weighted average shares used in calculation	2,827,212	2,704,133	2,711,637	2,697,373
Cash dividend per common share	\$ -	0.50	-	1.00

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

Assets	June 28, 2009	December 28, 2008
	<u>(Unaudited)</u>	<u></u>
Current assets:		
Cash and cash equivalents	\$ 3,619	3,268
Accounts receivable, net of allowance for doubtful accounts of \$63 and \$63 as of June 28, 2009 and December 28, 2008, respectively	1,714	1,678
Repair parts	2,987	2,778
Prepaid expenses and other	1,665	1,009
Total current assets	<u>9,985</u>	<u>8,733</u>
Property and equipment, net	42,911	44,460
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,218 and \$1,207 as of June 28, 2009 and December 28, 2008, respectively	37	43
Investment in Glacier Water Trust I Common Securities	2,629	2,629
Investment in Glacier Water Trust I Preferred Securities	3,648	3,648
Deferred financing costs, net	4,528	4,575
Other assets	607	865
Total assets	<u>\$ 71,425</u>	<u>72,033</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,898	1,304
Accrued commissions	3,715	2,947
Accrued liabilities	2,299	2,802
Bank overdraft	2,077	1,897
Current portion of deferred rent	18	55
Total current liabilities	<u>10,007</u>	<u>9,005</u>
Long-term debt	87,629	87,629
Long-term line of credit and notes payable	26,673	26,263
Long-term portion of deferred rent	22	11
Total liabilities	<u>124,331</u>	<u>122,908</u>
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value. Authorized 10,000,000 shares, issued and outstanding 2,711,673, and 2,711,473 shares at June 28, 2009 and December 28, 2008, respectively	44	44
Additional paid-in capital	15,016	15,832
Retained deficit	(35,451)	(34,104)
Treasury stock, at cost, 1,587,606 shares at June 28, 2009 and December 28, 2008	(32,562)	(32,562)
Accumulated other comprehensive income (loss)	47	(85)
Total stockholders' deficit	<u>(52,906)</u>	<u>(50,875)</u>
Total liabilities and stockholders' deficit	<u>\$ 71,425</u>	<u>72,033</u>