

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES THIRD QUARTER 2009 RESULTS

VISTA, Calif., November 5th, 2009 – Glacier Water Services, Inc. (GWSV.pk) announced results for the third quarter ended September 27, 2009.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Total revenues for the third quarter and the nine-month period ended September 27, 2009 increased 9.1% and 8.7%, 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 third quarter was \$4,236,000 compared to \$2,827,000 a year ago. Net income for the third quarter was \$2,190,000 compared to net income of \$686,000 for the same quarter last year. Net income for the nine-month period ending September 27, 2009 was \$843,000 compared to a net loss of \$2,676,000 versus the comparable period last year. At the end of the third quarter, Glacier had more than 18,000 machines located at retailers across the U.S. and Canada providing high quality, great tasting drinking water.”

Revenues for the third quarter ended September 27, 2009 increased 9.1% to \$29,780,000 compared to \$27,285,000 for the same quarter a year ago. For the nine-month period ended September 27, 2009, revenues increased 8.7% to \$78,246,000 compared to \$71,996,000 for the same period a year ago. The increase in revenue for the third quarter and the nine-month period was the result of an increase in average sales per machine coupled with an increase in the number of machines on location (approximately 1,000 versus a year ago.)

The Company’s income from operations for the third quarter ended September 27, 2009 was \$4,236,000 compared to \$2,827,000 for the same period last year. For the nine-month period ended September 27, 2009, income from operations was \$7,034,000 compared to \$3,794,000 for the same period last year. Income from operations in the three- and nine-month periods were positively impacted by increased margin from strong revenue growth. Income from operations for the first nine months of 2009 included non-cash compensation expense of \$267,000 as compared to \$241,000 for the first nine months of 2008.

The Company’s net income applicable to common stockholders for the quarter ended September 27, 2009 was \$2,190,000, or \$0.81 per basic share and \$0.78 per diluted share, compared to net income of \$686,000, or \$0.25 per basic share and \$0.24 per diluted share, for the same period last year. For the nine-month period ended September 27, 2009, the net income applicable to common stockholders was \$843,000, or \$0.31 per basic share and \$0.30 per diluted share, compared to a loss of \$2,676,000, or \$0.99 per basic and diluted share, for the same period last year.

With more than 18,000 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)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 27, 2009</u>	<u>September 28, 2008</u>	<u>September 27, 2009</u>	<u>September 28, 2008</u>
Revenues	\$ 29,780	27,285	78,246	71,996
Operating costs and expenses:				
Operating expenses	18,178	17,210	48,958	46,033
Depreciation and amortization	3,781	3,864	11,524	11,708
Cost of goods sold	21,959	21,074	60,482	57,741
Selling, general, and administrative expenses	3,585	3,384	10,730	10,461
Total operating costs and expenses	25,544	24,458	71,212	68,202
Income from operations	4,236	2,827	7,034	3,794
Interest expense	2,046	2,141	6,191	6,470
Income (loss) before income taxes	2,190	686	843	(2,676)
Income tax benefit	-	-	-	-
Net income (loss) applicable to common stockholders	\$ 2,190	686	843	(2,676)
Basic income (loss) per share:				
Net income (loss) applicable to common stockholders	\$ 0.81	0.25	0.31	(0.99)
Weighted average shares used in calculation	2,711,732	2,706,364	2,711,669	2,700,370
Diluted income (loss) per share:				
Net income (loss) applicable to common stockholders	\$ 0.78	0.24	0.30	(0.99)
Weighted average shares used in calculation	2,813,412	2,851,056	2,827,695	2,700,370
Cash dividend per common share	\$ -	0.50	-	1.50

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

Assets	September 27, 2009	December 28, 2008
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 4,124	3,268
Accounts receivable, net of allowance for doubtful accounts of \$63 and \$63 as of September 27, 2009 and December 28, 2008, respectively	1,746	1,678
Repair parts	2,988	2,778
Prepaid expenses and other	1,571	1,009
Total current assets	<u>10,429</u>	<u>8,733</u>
Property and equipment, net	43,376	44,460
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,226 and \$1,207 as of September 27, 2009 and December 28, 2008, respectively	35	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	4,504	4,575
Other assets	680	865
Total assets	<u>\$ 72,381</u>	<u>72,033</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,825	1,304
Accrued commissions	4,397	2,947
Accrued liabilities	2,734	2,802
Bank overdraft	2,035	1,897
Current portion of deferred rent	2	55
Total current liabilities	<u>10,993</u>	<u>9,005</u>
Long-term debt	87,629	87,629
Long-term line of credit and notes payable	24,223	26,263
Long-term portion of deferred rent	21	11
Total liabilities	<u>122,866</u>	<u>122,908</u>
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value. Authorized 10,000,000 shares, issued and outstanding 2,711,873, and 2,711,473 shares at September 27, 2009 and December 28, 2008, respectively	44	44
Additional paid-in capital	15,107	15,832
Retained deficit	(33,261)	(34,104)
Treasury stock, at cost, 1,587,606 shares at September 27, 2009 and December 28, 2008	(32,562)	(32,562)
Accumulated other comprehensive income (loss)	187	(85)
Total stockholders' deficit	<u>(50,485)</u>	<u>(50,875)</u>
Total liabilities and stockholders' deficit	<u>\$ 72,381</u>	<u>72,033</u>