

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES FIRST QUARTER 2010 RESULTS

VISTA, Calif., May 11, 2010 – Glacier Water Services, Inc. (GWSV.pk) announced results for the first quarter ended April 4, 2010.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Glacier achieved first quarter 2010 revenues of over \$23 million up 0.9% over the first quarter of last year, as we operated approximately 700 more machines at retail locations compared to last year. The growth in revenue was tempered by unseasonably cold and wet weather throughout the Country, including freezing conditions in Texas and the Southeastern U.S. Income from operations for the first quarter was \$376,000, a decrease of \$293,000, resulting primarily from increased operating expenses to support new locations, coupled with accelerated machine refurbishment costs and above normal fuel costs. At the end of the 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 quarter ended April 4, 2010 increased to \$23,035,000 from \$22,839,000 representing a 0.9% increase versus the same period last year. The increase in revenue was the result of growth in the number of locations this year compared to last year.

The Company’s income from operations for the quarter ended April 4, 2010 was \$376,000 compared to income from operations of \$669,000 for the same period last year. The decrease was driven by increased operating expenses including labor, machine refurbishment costs and fuel costs, partially offset by reduced depreciation and amortization expense. Income from operations for the first quarters of 2010 and 2009 included non-cash compensation expense of \$89,000.

The Company’s net loss applicable to common stockholders for the quarter ended April 4, 2010 was \$1,797,000, or \$0.66 per basic and diluted share, compared to a loss of \$1,423,000, or \$0.52 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 January 3, 2010 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. AND SUBSIDIARIES****Consolidated Statements of Operations**

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended	
	April 4, 2010	March 29, 2009
Revenues	\$ 23,035	22,839
Operating costs and expenses:		
Operating expenses	15,717	14,677
Depreciation and amortization	3,347	3,901
Cost of goods sold	19,064	18,578
Selling, general, and administrative expenses	3,595	3,592
Total operating costs and expenses	22,659	22,170
Income from operations	376	669
Interest expense	2,112	2,092
Loss before income taxes	(1,736)	(1,423)
Income taxes	61	-
Net loss applicable to common stockholders	\$ (1,797)	(1,423)
Basic and diluted loss per share:		
Net loss applicable to common stockholders	\$ (0.66)	(0.52)
Weighted average shares used in calculation	2,714,873	2,711,599

FINANCIAL RESULTS**GLACIER WATER SERVICES, INC.****Consolidated Balance Sheets**
April 4, 2010 and January 3, 2010
(In thousands, except share data)

Assets	April 4, 2010	January 3, 2010
	unaudited	
Current assets:		
Cash and cash equivalents	\$ 3,755	3,710
Accounts receivable, net of allowance for doubtful accounts of \$63 as of April 4, 2010 and January 3, 2010	1,537	1,583
Repair parts	3,038	3,084
Prepaid expenses and other	1,619	1,381
Total current assets	<u>9,949</u>	<u>9,758</u>
Property and equipment, net	41,810	43,108
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,242 and \$1,234 as of April 4, 2010 and January 3, 2010, respectively	28	32
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	4,455	4,481
Other assets	629	762
Total assets	<u>\$ 70,228</u>	<u>71,498</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,226	1,443
Accrued commissions	3,431	3,823
Accrued liabilities	3,948	3,576
Bank overdraft	1,093	1,331
Current portion of deferred rent	7	4
Total current liabilities	<u>9,705</u>	<u>10,177</u>
Long-term debt	87,629	87,629
Long-term line of credit and notes payable	28,949	28,173
Long-term portion of deferred rent	49	17
Total liabilities	<u>126,332</u>	<u>125,996</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred Stock, \$0.01 par value; liquidation preference \$100 per share; 8% cumulative redeemable convertible; Authorized 100,000 shares; issued and outstanding, 0 shares at April 4, 2010 and January 3, 2010	--	--
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding, 2,714,873 shares at April 4, 2010 and January 3, 2010	44	44
Additional paid-in capital	12,619	12,530
Retained deficit	(36,596)	(34,799)
Treasury stock, at cost, 1,587,606 shares at April 4, 2010 and January 3, 2010	(32,562)	(32,562)
Accumulated other comprehensive income	391	289
Total stockholders' deficit	<u>(56,104)</u>	<u>(54,498)</u>
Total liabilities and stockholders' deficit	<u>\$ 70,228</u>	<u>71,498</u>