

## GLACIER WATER SERVICES, INC. *Press Release*

For More Information, Call:  
Steve Stringer, Chief Financial Officer  
(760) 560-1111

For Release Immediately  
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### GLACIER WATER ANNOUNCES THIRD QUARTER 2011 RESULTS

VISTA, Calif., November 18th, 2011 – Glacier Water Services, Inc. (GWSV.pk) announced results for the third quarter ended October 2<sup>nd</sup>, 2011.

Brian McNerney, Chief Executive Officer of Glacier Water, said, “Our third quarter revenues increased 6.0% versus the same quarter last year and our year-to-date October 2, 2011 revenues increased 4.1%. Same-store revenues have increased 2.4% year-to-date. We continued to aggressively expand our network of machines across the U.S. and Canada adding approximately 1,700 machines compared to one year ago. Year-to-date income from operations was \$3,500,000 and was impacted by an investment in infrastructure to support our continued growth in water vending locations and the launch of premium ice machines. Operating income was also impacted by \$1,135,000 in costs associated with the Company’s efforts to file for an initial public offering, which was withdrawn on October 17, 2011 due to unfavorable market conditions. At the end of the third quarter, Glacier operated more than 20,400 machines located at retailers across the U.S. and Canada, providing high quality, great tasting drinking water and premium ice.”

Revenues for the third quarter ended October 2, 2011 increased 6.0% to \$29,970,000 compared to \$28,265,000 for the same quarter one year ago. For the nine-month period ended October 2, 2011, revenues increased 4.1% to \$79,901,000 compared to \$76,750,000 for the same period one year ago. Sales growth was driven by both same store productivity and the increase in machines on location.

The Company’s income from operations for the third quarter ended October 2, 2011 was \$1,839,000 compared to \$3,707,000 for the same period last year. For the nine-month period ended October 2, 2011, income from operations was \$3,500,000 compared to \$6,105,000 for the same period last year. The impact on operating income from expenses associated with our initial public offering effort was \$960,000 and \$1,135,000 for the third quarter and year-to-date 2011, respectively. Income from operations was also affected by increased operating costs to support the growth in machines, and in particular, labor and benefits, vehicle and fuel costs. The Company made additional investments to accelerate growth, including personnel additions in the areas of sales, marketing and product development. Income from operations for the first nine months of 2011 and 2010 included non-cash compensation expense of \$361,000 and \$525,000, respectively.

The Company’s GAAP net loss applicable to common stockholders for the quarter ended October 2, 2011 was \$487,000 or \$0.18 per basic and diluted share, compared to a GAAP net income of \$1,690,000, or \$0.62 per basic share and \$0.60 per diluted share, for the same period last year. For the nine-month period ended October 2, 2011, the GAAP net loss applicable to common stockholders was \$3,378,000, or \$1.24 per basic and diluted share, compared to a GAAP net loss of \$203,000 or \$0.07 per basic share and diluted share, for the same period last year. Excluding the impact of the initial public offering expenses, the non-GAAP pro-forma net income for the quarter ended October 2, 2011 was \$473,000 or \$0.17 per basic and diluted share, and for the nine-month period ended October 2, 2011 was a non-GAAP pro-forma net loss of \$2,243,000, or \$0.83 per basic and diluted share.

During the third quarter of 2011, the Company modified its revolving bank agreement to include a \$10,000,000 term loan, to be repaid in installments beginning next year and through October 1, 2012, and a \$38,000,000 revolving loan available to the Company through the end of December 31, 2012.

With more than 20,400 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 2, 2011 are available on the Company’s website, [www.glacierwater.com](http://www.glacierwater.com), or can be obtained by contacting Steve Stringer at (760) 560-1111.*

(more)

**FINANCIAL RESULTS****GLACIER WATER SERVICES, INC.****GLACIER WATER SERVICES, INC. AND SUBSIDIARIES****Consolidated Statements of Operations**

(In thousands, except share and per share data)

(Unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>October 3, 2010</b>	<b>October 2, 2011</b>	<b>October 3, 2010</b>	<b>October 2, 2011</b>
Revenues	\$ 28,265	29,970	76,750	79,901
Cost of revenues				
Operating expenses	17,977	19,905	50,108	53,643
Depreciation and amortization	3,004	3,302	9,508	9,527
Total cost of revenues	20,981	23,207	59,616	63,170
Gross profit	7,284	6,763	17,134	16,731
Selling, general, and administrative expenses	3,577	4,924	11,029	13,231
Income from operations	3,707	1,839	6,105	3,500
Interest expense	2,160	2,314	6,384	6,843
Income (loss) before income taxes	1,547	(475)	(279)	(3,343)
Income taxes expense (benefit)	(143)	12	(76)	35
Net income (loss)	\$ 1,690	(487)	(203)	(3,378)
Basic and diluted net income (loss) per share				
Basic net income (loss) per share	\$ 0.62	(0.18)	(0.07)	(1.24)
Weighted average shares used in calculation	2,718,548	2,720,048	2,716,210	2,720,048
Diluted net income (loss) per share	\$ 0.60	(0.18)	(0.07)	(1.24)
Weighted average shares used in calculation	2,807,070	2,720,048	2,716,210	2,720,048

**FINANCIAL RESULTS****GLACIER WATER SERVICES, INC.****GLACIER WATER SERVICES, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(In thousands, except share data)

(Unaudited)

<b>Assets</b>	<b>January 2, 2011</b>	<b>October 2, 2011</b>
Current assets:		
Cash and cash equivalents	\$ 3,692	4,415
Accounts receivable, net of allowance for doubtful accounts of \$64 as of January 2, 2011 and October 2, 2011	1,742	1,996
Repair parts	3,443	3,446
Prepaid expenses and other	1,133	2,348
Total current assets	<u>10,010</u>	<u>12,205</u>
Property and equipment, net	45,269	52,660
Goodwill	7,080	7,080
Intangible assets, net of accumulated amortization of \$1,257 and \$1,266 as of January 2, 2011 and October 2, 2011, respectively	14	-
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	4,378	4,294
Other assets	817	774
Total assets	<u>\$ 73,845</u>	<u>83,290</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 2,651	2,372
Accrued commissions	3,654	4,966
Accrued liabilities	2,900	2,884
Term loan	-	10,000
Bank overdraft	868	1,579
Total current liabilities	<u>10,073</u>	<u>21,801</u>
Long-term debt	87,629	87,629
Revolving loan	31,153	32,000
Long-term portion of deferred rent	75	107
Total liabilities	<u>128,930</u>	<u>141,537</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred Stock, \$0.01 par value; Authorized 100,000 shares; issued and outstanding, 0 shares at January 2, 2011 and October 2, 2011	-	-
Common stock, \$0.01 par value. Authorized 10,000,000 shares, issued and outstanding 4,307,654 and 2,720,048, respectively, at January 2, 2011 and October 2, 2011	44	44
Additional paid-in capital	13,648	14,009
Accumulated deficit	(36,645)	(40,023)
Treasury stock, at cost, 1,587,606 shares at January 2, 2011 and October 2, 2011	(32,562)	(32,562)
Accumulated other comprehensive income	430	285
Total stockholders' deficit	<u>(55,085)</u>	<u>(58,247)</u>
Total liabilities and stockholders' deficit	<u>\$ 73,845</u>	<u>83,290</u>