

GLACIER BANCORP INC

Form DEF 14A

March 28, 2008

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**UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant To Section 14(a) of
 The Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
 Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials

Glacier Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- Fee not required.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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GLACIER BANCORP, INC.
49 Commons Loop
Kalispell, Montana 59901
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held April 30, 2008
9:00 a.m. Mountain Time

To the Shareholders of Glacier Bancorp, Inc:

We cordially invite you to attend the 2008 Annual Shareholders Meeting of Glacier Bancorp, Inc. at The Hilton Garden Inn, 1840 Highway 93 South, Kalispell, Montana. The meeting's purpose is to vote on the following proposals, together with any other business that may properly come before the meeting:

- 1. Election of Directors.** The Board has nominated for election current directors Michael J. Blodnick, Allen J. Fetscher and John W. Murdoch for three-year terms expiring in 2011 and until their successors are elected and have qualified.
- 2. Amendment of Articles of Incorporation.** To approve an amendment to the Company's Articles of Incorporation to eliminate the current staggered terms of the board of directors and to instead provide for the annual election of all directors.
- 3. Other Business.** To act on such other matters as may properly come before the meeting or any adjournments or postponements.

If you were a shareholder of record on March 3, 2008, you may vote on the proposals presented at the Annual Meeting in person or by proxy. We encourage you to promptly complete and return the enclosed proxy card, in order to ensure that your shares will be represented and voted at the meeting in accordance with your instructions. If you attend the meeting in person, you may withdraw your proxy and vote your shares.

Further information regarding voting rights and the business to be transacted at the Annual Meeting is included in the accompanying Proxy Statement. The directors, officers, and personnel who serve you genuinely appreciate your continued interest as a shareholder in the affairs of the Company and in its growth and development.

March 28, 2008

BY ORDER OF THE BOARD OF
DIRECTORS

LeeAnn Wardinsky, Secretary

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the Annual Meeting, please sign and date your Proxy Card and return it in the enclosed postage prepaid envelope. You do not need to retain the proxy in order to be admitted to the Annual Meeting. If you attend the Annual Meeting, you may vote either in person or by proxy. You may revoke any proxy that you have given either in writing or in person at any time prior to the proxy's exercise.

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GLACIER BANCORP, INC.

49 Commons Loop

Kalispell, Montana 59901

(406) 756-4200

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the 2008 Shareholder Meeting:

A copy of this Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2007 are available at www.glacierbancorp.com.

Meeting Information. This Proxy Statement and the accompanying Proxy are being sent to shareholders on or about March 28, 2008, for use in connection with the Annual Meeting of Shareholders of Glacier Bancorp, Inc. (the Company or Glacier) to be held on Wednesday, April 30, 2008. In this Proxy Statement, the term we and us refers to Glacier Bancorp, Inc.

Solicitation of Proxies. Our Board of Directors is soliciting shareholder proxies, and we will pay the associated costs. Solicitation may be made by our directors and officers and by our banking subsidiaries:

Glacier Bank

Mountain West Bank

First Security Bank of Missoula

Western Security Bank

1st Bank

Big Sky Western Bank

Valley Bank of Helena

Glacier Bank of Whitefish

Citizens Community Bank

First Bank of Montana

First National Bank of Morgan

We do not expect to engage an outside proxy solicitation firm to render proxy solicitation services. However, if we do, we will pay a fee for such services. Solicitation may be made through the mail, or by telephone, facsimile, or personal interview.

Record Date. If you were a shareholder on March 3, 2008, you are entitled to vote at the Annual Meeting. There were approximately 53,889,026 shares of common stock outstanding on the Record Date.

Quorum. The quorum requirement for holding the Annual Meeting and transacting business is a majority of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Voting on Matters Presented

Proposal No. 1 - Election of Directors. The three nominees for election as directors at the Annual Meeting with three-year terms to expire in 2011 who receive the highest number of affirmative votes will be elected. Shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast *FOR* or *WITHHELD* from each nominee. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

Proposal No. 2 -Amendment of Company s Articles of Incorporation. The proposal to amend the Company s Articles of Incorporation requires the affirmative vote *FOR* by a majority of the outstanding shares of the Company s common stock. You may vote *FOR*, *AGAINST* or *ABSTAIN* from approving the amendment of the Articles of Incorporation. If you abstain, or if your shares are held in street name and you

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do not instruct your broker on how to vote your shares, your shares will not be voted and the effect will be the same as a vote *against* the amendment. Shareholders of record are entitled to one vote per share on this proposal.

Voting of Proxies. Shares represented by properly executed proxies that are received in time and not revoked will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated, the persons named in the proxy will vote the shares represented by the proxy *FOR* the director nominees listed in this Proxy Statement and *FOR* the proposal to amend the Company's Articles of Incorporation. Any proxy given by a shareholder may be revoked before its exercise by:

giving notice to us in writing;

delivering to us of a subsequently dated proxy; or

notifying us at the Annual Meeting before the shareholder vote is taken.

Voting of Proxies by Shareholders of Record and by Beneficial Owners. A significant percentage of Glacier shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Shareholders of Record. If your shares are registered directly in your name with Glacier's transfer agent, American Stock Transfer, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent to you directly by Glacier. As the shareholder of record, you have the right to grant your voting proxy directly to Glacier or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote. Your broker or nominee has enclosed a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. If you are a beneficial owner of Glacier shares and do not provide the shareholder of record with voting instructions, your beneficially owned shares may constitute broker non-votes.

Brokers cannot vote on behalf of beneficial owners on non-routine proposals. A broker non-vote occurs when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the proposal is not routine and the broker therefore lacks discretionary authority to vote the shares, and (2) the beneficial owner does not submit voting instructions to the broker.

The election of directors is considered a routine proposal, and your brokerage firm can vote your shares in its discretion on this proposal. The proposal to amend the Company's Articles of Incorporation is non-routine and your brokerage firm cannot vote your shares on this proposal unless it has received voting instructions from you.

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Voting in Person at the Annual Meeting

Shareholders of Record. Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. If you choose to vote your shares in person at the Annual Meeting, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Beneficial Owner. Shares held in street name may be voted in person by you only if you bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares on the record date.

**BUSINESS OF THE MEETING
PROPOSAL NO. 1 ELECTION OF DIRECTORS**

General

Our current Articles of Incorporation and Bylaws allow the Board to set the number of directors on the Board within a range of seven to 17. The Articles also authorize the Board to fill vacancies that occur on the Board. Glacier's Board currently consists of nine directors.

Directors are elected for terms of three years or until their successors are elected and qualified. So long as the Company has nine or more directors, our Articles of Incorporation currently provide for staggered terms, with approximately one-third of the directors elected each year. Montana law and our Articles of Incorporation require that our classes of directors be of near-equal size as possible.

Accordingly, our Nominating/Corporate Governance Committee has recommended, and the Board has nominated Michael J. Blodnick, Allen J. Fetscher and John W. Murdoch for election as directors for three-year terms to expire in the year 2011. If any of the nominees should refuse or become unable to serve, your proxy will be voted for the person the Board designates to replace that nominee. We are not aware of any nominee who will be unable to or refuses to serve as a director.

Please Note: If the Company's shareholders approve Proposal No. 2 to amend the Articles of Incorporation, the three directors named above, together with all other continuing directors, will have their terms of service adjusted to expire in 2009 and be subject to annual election commencing with the 2009 annual meeting.

Vote Required and Board Recommendation

The three nominees for election as directors at the Annual Meeting with three-year terms to expire in 2011 who receive the highest number of affirmative votes will be elected.

The Board of Directors unanimously recommends a vote *FOR* each of the nominees to the Board.

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AND OTHER DIRECTORS**

The following table sets forth certain information with respect to the director nominees and the other continuing directors, including the number of shares beneficially held by each. Beneficial ownership is a technical term broadly defined by the Securities and Exchange Commission (SEC) to mean more than ownership in the usual sense. In general, beneficial ownership includes any shares a director or executive officer can vote or transfer and stock options or other rights that are exercisable currently or become exercisable within 60 days. Except as noted below, each holder has sole voting and investment power for all shares shown as beneficially owned. All share amounts have been adjusted for applicable stock splits and stock dividends.

Name	Age as of		Director	Term	Amount and Nature of Beneficial Ownership of Common Stock as of January 15, 2008 ⁽¹⁾	
	January 15, 2008	Position			Since	Expires
NOMINEES FOR DIRECTOR						
<i>Term Expiring in 2011</i>						
Michael J. Blodnick	55	Director, President and CEO	1993	2008	424,712	(.79%) ⁽²⁾
Allen J. Fetscher	62	Director, Vice Chairman of First Security Bank of Missoula	1996	2008	372,821	(.694%) ⁽³⁾
John W. Murdoch	65	Director, Director of Big Sky Western Bank	2005	2008	14,652	(.027%) ⁽⁴⁾
CONTINUING DIRECTORS						
Craig A. Langel	57	Director	2005	2009	69,334	(.129%) ⁽⁵⁾
L. Peter Larson	69	Director	1985	2009	889,950	(1.66%) ⁽⁶⁾
Everit A. Sliter	69	Chairman of Glacier and Glacier Bank	1973	2009	420,275	(.782%) ⁽⁷⁾
James M. English	63	Director, Director of Mountain West Bank	2004	2010	44,224	(.082%) ⁽⁸⁾
Jon W. Hippler	63	Director, Director/President/C EO of Mountain West Bank	2000	2010	38,954	(.072%) ⁽⁹⁾

Dr. Douglas J. McBride	55	Director, Director of Western Security Bank	2006	2010	9,567	(.018%) ⁽¹⁰⁾
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(1) The number and percentages shown are based on the number of shares of Glacier common stock deemed beneficially held under applicable regulations, including options or other rights exercisable on or before March 16, 2008 (60 days after January 15, 2008), and have been adjusted for stock splits and stock dividends.

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- (2) Includes 236,707 shares held jointly with Mr. Blodnick's wife; 92,647 shares owned by Mr. Blodnick's wife; 4,122 shares for which Mr. Blodnick is custodian for his children; 27,459 shares held for Mr. Blodnick's account in the Company's Pension and Profit Sharing Plans; 26,802 shares held in an IRA account for the benefit of Mr. Blodnick's wife; and 36,975 shares that could be acquired within 60 days by the exercise of stock options.
- (3) Includes 83,724 shares owned by Mr. Fetscher's wife; 68,477 considered beneficially held as Trustee for shares held in a trust for the benefit of Mr. Fetscher's children; 118,566 held by a family corporation, of which Mr. Fetscher is a principal;

1,803 shares held by Mr. Fetscher's SEPP IRA; and 17,357 shares that could be acquired within 60 days by the exercise of stock options.

(4) Includes 6,221 shares held in a family trust for which Mr. Murdoch has voting and dispositive power and 8,431 shares that could be acquired within 60 days by the exercise of stock options.

(5) Includes 11,076 shares that could be acquired within 60 days by the exercise of stock options.

(6) Includes 1,897 shares owned by Mr. Larson's wife's IRA; 834 shares held by Mr. Larson's IRA; 875,547 shares held in a living trust; and 11,672 shares that could be acquired within 60 days by the exercise of stock options.

(7)

Includes 38,867 shares held jointly with Mr. Sliter's wife; 113,578 shares owned by Mr. Sliter's wife; 44,817 shares owned by Mr. Sliter's wife's IRA; 152,239 shares held by Mr. Sliter's IRA; 24,702 shares held by Mr. Sliter's SEPP IRA; 6,416 shares held by Mr. Sliter's SRA; 3,444 shares held in a family partnership; and 13,488 shares that could be acquired within 60 days by the exercise of stock options.

- (8) Includes 5,517 shares held in an IRA for the benefit of Mr. English; 22,707 shares owned jointly with Mr. English's wife; and 16,000 shares that could be acquired by Mr. English within 60 days by the exercise of options.

- (9) Includes 20,957 shares owned

jointly with Mr. Hippler's wife, all of which have been pledged as collateral toward a line of credit; and 17,997 shares that could be acquired within 60 days by the exercise of options.

- (10) Includes 366 shares held as trustee for Dr. McBride's children and 4,375 shares that could be acquired by Dr. McBride within 60 days by the exercise of options.

Background of Nominees and Continuing Directors

Director Nominees

Michael J. Blodnick was appointed President and Chief Executive Officer of Glacier in July 1998. Prior to that time, he served as the Executive Vice President and Secretary of the Company since 1994 and 1993, respectively. Mr. Blodnick currently serves as a director of the following Company subsidiaries: 1st Bank, Citizens Community Bank and First National Bank of Morgan. Mr. Blodnick has been employed by the Company or Glacier Bank since 1978.

Allen J. Fetscher was appointed to the Board of Directors of Glacier in December 1996, and he serves as the Chairman of the Company's Compensation Committee. Mr. Fetscher also serves as the Vice Chairman of First Security Bank. Mr. Fetscher is the President of Fetscher's, Inc., an investment and real estate development company. He is also the Vice President of American Public Land Exchange Co., Inc. and the owner of Associated Agency, a company involved in real estate.

John W. Murdoch was appointed a director of Glacier in September 2005. Mr. Murdoch has worked in the ranch and home industry for the past 37 years and since 1994 has been an owner of Murdoch's Ranch & Home Supply, LLC, a ranch and home retail operation. Mr. Murdoch currently serves as a director of the Company's subsidiary, Big Sky Western Bank of Bozeman, as well as of the Montana State University College of Business, Montana State University Foundation and Bozeman Deaconess Hospital. Mr. Murdoch is also President of Mid-States Distributing Co., Inc.

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Continuing Directors

James M. English was appointed to the Glacier Board in February 2004. Mr. English is an attorney in limited private practice as a sole practitioner of the English Law Firm in Hayden, Idaho. Prior to forming his law firm, Mr. English served from 1996 – 2000 as the President and Chief Operating Officer for Idaho Forest Industries, Inc., a lumber manufacturing company where Mr. English was involved in the real estate development and retail sales of building products. Mr. English earned his law degree and business degree in finance at the University of Idaho. Mr. English has served as a director of Mountain West Bank since 1996. Mr. English is also a director of Bennett Industries, Inc., a family-owned company that owns several timber-related entities, including Bennett Forest Industries, Inc., a lumber manufacturer, and Rosebud Horse Bedding, LLC, a manufacturer of horse bedding.

Jon W. Hippler has been the President and CEO of Mountain West Bank since its formation in 1993. Mr. Hippler became a director of Glacier as a result of the Company's acquisition of Mountain West Bank in February 2000.

Craig A. Langel was appointed a director of Glacier in December 2005. Mr. Langel has served the accounting profession for 34 years and is a Certified Public Accountant Accredited in Business Valuation and a Certified Valuation Analyst. He is president and shareholder of Langel & Associates, P.C., a consulting and tax services firm. Through the auspices of Western CPE and the University of Montana, Mr. Langel also teaches continuing education courses for Certified Public Accountants, including annual tax updates, tax planning, valuation issues, and business advisory services. In addition, Mr. Langel is the owner and CEO of CLC Restaurants, Inc., which owns and operates Taco Bell and KFC restaurants in Montana, Idaho, and Washington, and part owner of Mustard Seed Restaurants. Until his retirement in December 2005, Mr. Langel served for 21 years as a director of Glacier's subsidiary, First Security Bank.

L. Peter Larson has been the CEO of American Timber Company, a small timber harvesting company, since 1978. Mr. Larson has served as a director of the Company and/or Glacier Bank since 1985, and he is the Chairman of the Company's Nominating/Corporate Governance Committee.

Douglas J. McBride was appointed a director of Glacier in September 2006. Dr. McBride has been an optometrist in Billings for 29 years. He is the current President of the Montana State Board of Examiners for Optometry, of which he has been a member since 1993, and is also the Chairman of the Advisory Board for TLC Laser Eye Center in Billings. Dr. McBride also serves as a director of the Company's subsidiary, Western Security Bank.

Everit A. Sliter has served as a director of the Company and/or Glacier Bank since 1973, and was appointed Chairman of Glacier in December 2005. Mr. Sliter is the Chairman of the Company's Audit Committee and is also the Chairman of Glacier Bank. Mr. Sliter was a partner of Jordahl & Sliter, a certified public accounting firm, from 1965 to August 2003. Since August 2003, Mr. Sliter has been an employee of Jordahl & Sliter.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board of Directors is committed to good business practices, transparency in financial reporting and the highest level of corporate governance. Glacier operates within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. The Company regularly monitors developments in the area of corporate governance. The Board periodically reviews Glacier's governance policies and practices against those suggested by various groups or authorities active in corporate governance and practices of other companies, as well as the requirements of the Sarbanes Oxley Act of 2002 (Sarbanes Act), related SEC rules and the listing standards of Nasdaq.

Code of Ethics

The Company adopted a Code of Ethics for Senior Financial Officers, which applies to its principal executive officer, principal financial officer, principal accounting officer or controller, and any persons performing similar functions.

You can access the Company's current Code of Ethics for Senior Financial Officers, its Audit, Compensation and Nominating/Corporate Governance Committee charters and its Corporate Governance Policy by visiting the Company's Website and clicking on the *Corporate Governance* link on the Company's home page (www.glacierbancorp.com), or by writing to: Glacier Bancorp, Inc., c/o the Corporate Secretary, 49 Commons Loop, Kalispell, Montana, 59901.

Director Independence

The Board has analyzed the independence of each director and nominee in accordance with the Nasdaq rules and has determined that the following members of the Board meet the applicable laws and listing standards regarding independence required by Nasdaq, and that each such director is free of relationships that would interfere with the individual exercise of independent judgment. In determining the independence of each director, the Board considered many factors, including any lending with the directors, each of which were made on the same terms as comparable transactions made with other persons. Such arrangements are discussed in detail in the section entitled *Transactions with Management*.

Based on these standards, the Board determined that each of the following non-employee directors is independent and has no relationship with the Company, except as a director and shareholder:

James M. English	Douglas J. McBride
Allen J. Fetscher	John W. Murdoch
Craig A. Langel	Everit A. Sliter
L. Peter Larson	

In addition, based on such standards, the Board determined that neither Michael J. Blodnick nor Jon W. Hippler are independent because each serve as an executive officer of the Company or one of its bank subsidiaries.

Stock Ownership Guidelines

The Board of Directors has approved stock ownership guidelines for its members, which are intended to help closely align the financial interests of the directors with those of Glacier's shareholders.

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Within two years from when they are first appointed or elected to the Board, directors are required to own shares of Glacier common stock with a market value of at least \$100,000. All of the current Glacier directors have exceeded this ownership requirement.

Shareholder Communications with the Board of Directors

The Company and the Board of Directors welcome communication from shareholders and other interested parties. Communications may be made by writing to the Chairman of the Board, c/o the Corporate Secretary, Glacier Bancorp, Inc., 49 Commons Loop, Kalispell, Montana 59901. A copy of such written communication will also be sent to the Company's CEO. If the Chairman and the CEO determine that such communications are relevant to and consistent with the Company's operations and policies, such communications will be forwarded to the entire Board for review and consideration.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors met 14 times during the fiscal year. Each director attended at least 75% of the meetings of the Board and of the committees on which he served. Glacier encourages, but does not require the directors to attend annual shareholder meetings. Last year, all of our directors attended the annual shareholder meeting. The Board of Directors has established, among others, an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee.

The following table shows the membership of the various committees.

Committee Membership

	Name	Audit	Compensation	Nominating
	James M. English	p	p	p
	Allen J. Fetscher	o	p*	p
	Craig A. Langel	p	p	p
	L. Peter Larson	p	p	p*
	Douglas J. McBride	p	p	p
	John W. Murdoch	p	p	p
	Everit A. Sliter	p*	p	p

* Committee
Chair

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Audit Committee. The Audit Committee is comprised of six directors, each of whom are considered independent as defined by the Nasdaq listing standards. The Board has determined that both Mr. Langel and Mr. Sliter meet the definition of audit committee financial expert as defined by rules adopted by the SEC under the Sarbanes Act.

The Committee operates under a formal written charter adopted by the Board of Directors. As part of its periodic review of audit committee-related matters, the Audit Committee has received updates on the relevant requirements of the Sarbanes Act, the revised rules of the SEC and the corporate governance listing standards of Nasdaq.

The Audit Committee is responsible for the oversight of the quality and integrity of Glacier's financial statements, its compliance with legal and regulatory requirements, the qualifications and independence of its independent auditors, the performance of its internal audit function and independent auditors and other significant financial matters. In discharging its duties, the Audit Committee is expected to, among other things:

have the sole authority to appoint, retain, compensate, oversee, evaluate and replace the independent auditors;

review and approve the engagement of Glacier's independent auditors to perform audit and non-audit services and related fees;

meet independently with Glacier's internal auditing department, independent auditors and senior management;

review the integrity of Glacier's financial reporting process;

review Glacier's financial reports and disclosures submitted to Bank regulatory authorities;

maintain procedures for the receipt, retention and treatment of complaints regarding financial matters; and

reviews and approves related person transactions.

The Audit Committee held 14 meetings during the year.

Compensation Committee. The Compensation Committee is comprised of seven directors, each of whom are considered independent as defined by the Nasdaq listing standards. The Compensation Committee reviews the performance of the Company's Chief Executive Officer and other key employees and determines, approves and reports to the Board on the elements of their compensation and long-term equity based incentives. In determining the CEO's compensation, the Committee evaluated several performance factors, including the Company's financial results, levels of compensation of the Company's peers and the report of our compensation consultants, Watson-Wyatt. In 2005, the Committee independently retained Watson Wyatt to assist the Committee in its deliberations regarding executive compensation. The mandate of the consultant was to serve the Company and work for the Committee in its review of executive compensation practices, including designing our long-term incentive program. Although the Committee has not subsequently retained Watson Wyatt, it continues to consider the suggestions made, and has incorporated those suggestions into its compensation analysis in subsequent years. A complete description of the executive compensation process is described in the *Compensation Discussion and Analysis*.

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In addition, the Compensation Committee:

recommends, if appropriate, new employee benefit plans to the Board of Directors;

reviews all employee benefit plans;

makes determinations in connection with compensation matters as may be necessary or advisable; and

recommends, if appropriate, revisions to the compensation and benefit arrangements for directors.

The Compensation Committee operates under a formal written charter. The Compensation Committee met two times during the year for the purposes of reviewing salary and incentive compensation for the Chief Executive Officer and certain other executive officers, and reviewing and recommending to the full Board the grant of stock awards for executive officers.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee (Nominating Committee) is comprised of seven directors, each of whom are considered independent as defined by the Nasdaq listing standards. The Committee is responsible for nominating a slate of directors for election at Glacier's annual meeting and appointing directors to fill vacancies as they occur. It is also responsible for (i) considering management succession plans, the appropriate Board size and committee structure and appointments; and (ii) developing and reviewing corporate governance principles applicable to Glacier and its subsidiaries. The Committee operates under a formal written charter approved by the Board of Directors. The Nominating Committee met 10 times during 2007.

The Nominating Committee will consider nominees recommended by shareholders, provided that the recommendations are made in accordance with the procedures described in this Proxy Statement under *Shareholder Proposals and Director Nominations*. The Committee evaluates all candidates, including shareholder-proposed candidates, using generally the same methods and criteria, although those methods and criteria are not standardized and may vary from time to time. The Nominating Committee is authorized to establish guidelines for the qualification, evaluation and selection of new directors to serve on the Board. We do not anticipate that the Committee will adopt specific minimum qualifications for Committee-recommended nominees, but that the Committee will instead evaluate each nominee on a case-by-case basis, including assessment of each nominee's business experience, involvement in the communities served by the Company, and special skills. The Nominating Committee will also evaluate whether the nominee's skills are complimentary to existing Board members' skills, and the Board's need for operational, management, financial, technological or other expertise, as well as geographical representation of Glacier's market areas.

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Report of Audit Committee

The Audit Committee of the Board of Directors makes the following report, which notwithstanding anything to the contrary set forth in any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, will not be incorporated by reference into any such filings and will not otherwise be deemed to be proxy soliciting materials or to be filed under such Acts.

The Audit Committee consists of the directors listed below. The Board of Directors has determined that (i) the current membership of the Audit Committee meets the independence requirements as defined under the Nasdaq listing standards; and (ii) Everit A. Sliter and Craig A. Langel each meet the audit committee financial expert qualifications, as required by the Sarbanes Act and the Nasdaq listing standards.

Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The Audit Committee is responsible for overseeing Glacier's financial reporting processes on behalf of the Board of Directors.

The Audit Committee has met and held discussions with management and the Company's independent auditors. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Committee has reviewed and discussed the audited consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

Our independent auditors also provided to the Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with the independent auditors that firm's independence.

Based on the Committee's review of the audited consolidated financial statements and the various discussions with management and the independent auditors noted above, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC.

Audit Committee Members

Everit A. Sliter (Chairperson) w James M. English

Craig A. Langel w L. Peter Larson w Douglas J. McBride w John W. Murdoch

COMPENSATION OF DIRECTORS

Directors receive compensation in the form of cash and, as applicable, awards in the form of restricted stock or stock options. The Company does not pay directors who are also employees of the Company additional compensation for their service as directors.

The following table shows compensation paid or accrued for the last fiscal year to Glacier's non-employee directors. Neither Mr. Blodnick nor Mr. Hippler are included in the table as they are employees of the Company or a subsidiary, and thus, receive no compensation for their services as a director. The footnotes to the table describe the details of each form of compensation paid to directors.

Table of Contents**2007 Director Compensation Table**

Name (a)	Fees Earned or Paid in Cash (\$) (b)(1)	Option Awards (\$) (c)(2)	Change in Pension Value and Nonqualified	Total (\$) (e)
			Deferred Compensation Earnings (\$) (d)(3)	
James M. English	\$ 39,050	\$ 12,650	\$ 5,561	\$ 57,261
Allen J. Fetscher	44,075	12,650		56,725
Craig A. Langel	24,000	12,650		36,650
L. Peter Larson	27,309	12,650	47,913	87,872
Douglas J. McBride	36,300	12,650	4,236	53,186
John W. Murdoch	31,800	12,650	3,251	47,701
Everit A. Sliter	57,009	12,650	21,524	91,183

(1) Directors are paid an annual retainer of \$24,000 and receive additional compensation for services performed as committee members. Messrs. English, Fetscher, McBride, Murdoch and Sliter also receive compensation as directors of Glacier's subsidiary banks. Amount includes Board and committee fees earned or deferred in 2007.

(2) Reflects the dollar amount recognized for financial

statement reporting purposes for the fiscal year ended December 31, 2007 in accordance with FAS 123(R), and include amounts awarded in 2007. Assumptions used to calculate this amount are included in the footnotes to Glacier's audited financial statements for the fiscal year ended 2007, included in the Company's accompanying Annual Report. The options expire five years from the date of grant and vest six months from the date of grant.

At fiscal year end, the non-employee directors had in the aggregate outstanding stock option awards to purchase shares of the Company as follows:

- Mr. English
18,579 shares;
- Mr. Fetscher
17,357 shares;
- Mr. Langel
11,076 shares;
- Mr. Larson
14,407 shares;
- Dr. McBride
4,375 shares;
- Mr. Murdoch

8,431 shares; and
Mr. Sliter 17,357
shares.

- (3) Above market earnings on deferred compensation are credited at one-half of the Company's current year return-on-equity, or seven percent rate in 2007.

Cash Compensation

Non-employee directors of the Company are paid an annual retainer of \$24,000 as compensation for their services as director. Chairs of the Audit, Compensation and Nominating/Corporate Governance Committee received an additional retainer of \$1,200, and the Chairman of Board receives an additional retainer of \$5,400. Non-employee directors may elect to defer the receipt of meeting and/or director fees in accordance with the terms of the Company's Deferred Compensation Plan, the material terms of which are described under the section *Executive Compensation Deferred Compensation Plan*.

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Equity Compensation

Directors Stock Option Plan. The Board of Directors has adopted and the shareholders approved the Directors Stock Option Plan (Director Plan) for outside directors. From time to time, the Board and the shareholders have amended the Director Plan to increase the number of shares available for issuance to outside directors. Under the Director Plan, a set number of shares of common stock are reserved for issuance upon the exercise of nonqualified stock options granted to non-employee directors of the Company and each of the Company's subsidiary banks.

From time to time, Glacier authorizes the grant of nonqualified options to its directors of the Company and its subsidiary banks. These options allow the director to purchase shares of common stock at a price equal to the fair market value (closing price) of the common stock on the date of grant. Each option granted under the DSOP vests six months following the date of grant and expires upon the earlier of five years following the date of grant or three years following the date the optionee ceases to be a director, except in the event of death, in which case the period is one year from the date of death.

The Director Plan has a term of 15 years, and will expire in March 2009 unless otherwise renewed or extended. As of the Record Date, an aggregate of 660,224 shares remained available for future grant under the Director Plan (as adjusted for subsequent stock splits and stock dividends). The Company's 2005 Stock Incentive Plan provides for the grant of equity awards to directors. Accordingly, the Company has determined not to renew the Director Plan when it expires, and will make subsequent grants to directors under the 2005 Stock Incentive Plan.

EXECUTIVE COMPENSATION

The following section describes the compensation that GBCI pays its Chief Executive Officer, each person who served as Chief Financial Officer during 2007, and each other executive officer who in 2007 earned total compensation exceeding \$100,000 (the Named Executive Officers), consisting of the following persons.

Michael J. Blodnick, Chief Executive Officer

James H. Strosahl, Executive Vice President and Chief Financial Officer (retired effective March 31, 2007)

Ron J. Copher, Senior Vice President and Chief Financial Officer (appointed effective March 31, 2007)

Don J. Chery, Executive Vice President and Chief Administrative Officer (appointed effective August 27, 2007)

Jon W. Hippler, President and CEO Mountain West Bank and a Company Director

This section includes:

the Compensation Discussion and Analysis (CD&A) of management on executive compensation;

the Summary Compensation Table (on page 23) and other tables detailing the compensation of the Named Executive Officers; and

narrative disclosure about various compensation plans and arrangements and post employment and termination benefits.

Compensation Discussion and Analysis

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The Board has established a Compensation Committee (the Committee) which is responsible for planning and establishing, and monitoring overall compliance with, our compensation policies. The Committee consists only of independent non-employee directors and operates under a written charter approved by the Board.

Executive Compensation Philosophy

The quality of our employees, including our executive team, is critical to executing on our community banking philosophy, emphasizing personalized service combined with the full resources of a larger banking organization. To meet our primary goal of attracting, retaining and incentivizing highly-qualified executives and employees within the context of our corporate culture, our compensation programs are designed with the following principles in mind:

We are committed to providing effective compensation and benefit programs that are competitive for both within our industry and with other relevant organizations with whom our banks compete for employees.

Our programs are designed to encourage and reward behaviors that ultimately contribute to the achievement of organizational goals.

Pay programs and practices reinforce our commitment to providing a work environment that promotes respect, teamwork, and individual growth opportunities.

Consistent with this overall philosophy, we have designed our compensation programs to be relatively straightforward and transparent to shareholders, while providing benefits attractive enough to attract, retain and motivate highly qualified employees. The principal components of our compensation package for executives are:

Base salary

Annual incentive bonus

Long-term incentives equity grants

Retirement, termination and change of control benefits

Other general employee benefits

The Committee designs our overall compensation program, and makes decisions regarding individual executive compensation, in the content of a total compensation policy that takes into account the overall package of compensation benefits provided to each executive. Except as described below, we have not adopted any specific policies or guidelines for allocating compensation between short-term and long-term incentives or between cash and non-cash compensation. However, our philosophy is to tie a greater percentage of an executive's compensation to the achievement of Company financial and performance goals. Accordingly, base salaries are set at competitive levels, with an opportunity for each executive to be well-rewarded through the annual incentive bonus and stock option grants if the Company meets its performance objectives.

Process for Determining Compensation

The Committee typically meets at least annually to perform a strategic review of our executive officers' overall compensation packages, including determination of awards for the past fiscal year based on satisfaction of previously established performance objectives, and adjustment of base salaries,

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establishment of target bonuses and performance objectives and granting of stock options for the current fiscal year. Among other things, the Committee evaluates total executive compensation and the role of various elements of compensation within that total.

Our Chief Executive Officer performs an annual performance review of other executive officers, and provides a recommendation to the Committee regarding base salary and bonus targets for each other executive officer, which the Committee has discretion to approve or modify. The Committee then submits a recommendation regarding compensation for all executive officers to the Board for approval. The Committee meets separately on an annual basis with our Chief Executive Officer to determine his compensation.

In 2005, the Committee retained Watson-Wyatt, a multi-national employee benefits consulting firm, to have them help design a new long-term incentive program and to review compensation levels throughout the Company. We did not re-engage Watson-Wyatt for 2007, but the Committee considered the recommendations made by Watson-Wyatt in 2005 in determining the compensation packages for executives in 2007. In addition, the Committee also compares executive compensation levels against a peer group of publicly-traded financial companies (the Compensation Peer Group). The Compensation Peer Group is periodically updated by the Committee and consists of companies which the Committee believes are comparable in size to the Company and with whom we may compete against in limited geographic situations. The Compensation Peer Group for 2007 is identified below. The Committee believes that we compete with all of the Compensation Peer Group for the recruiting and retention of executives. Although the Committee does not conduct formal benchmarking of executive compensation versus executive compensation of the Compensation Peer Group, it does consider comparative compensation levels in a