

GLACIER BANCORP INC

Form DEF 14A

March 29, 2011

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OMB APPROVAL

**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)

Payment of Filing Fee (Check the appropriate box):

Fee not required.

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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 27, 2011
9:00 a.m. Mountain Time

To the Shareholders of Glacier Bancorp, Inc:

We cordially invite you to attend the 2011 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. To elect 10 directors to serve on the Board of Directors until the 2012 Annual Meeting of Shareholders.
2. To vote on an advisory (non-binding) resolution to approve the compensation of the Company's executive officers.
3. To vote, in an advisory (non-binding) capacity, on the frequency of future advisory votes on the compensation of the Company's executive officers.
4. To ratify the appointment of BKD, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.
5. To transact such other matters as may properly come before the meeting or any adjournments or postponements.

If you were a shareholder of record on March 1, 2011, 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 or phone in your vote, 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 employees who serve you genuinely appreciate your continued interest and support as a shareholder in the affairs of the Company and in its growth and development.

March 29, 2011

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 2011 Shareholder Meeting:

A copy of this Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2010, are available at www.glacierbancorp.com.

INFORMATION ABOUT THE MEETING

Meeting Information. This Proxy Statement and the accompanying Proxy are being sent to shareholders on or about March 29, 2011, for use in connection with the Annual Meeting of Shareholders of Glacier Bancorp, Inc., (the Company or Glacier) to be held on Wednesday, April 27, 2011. In this Proxy Statement, the terms we, us and our refer 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 of Kalispell	Valley Bank of Helena
Mountain West Bank of Coeur	First National Bank & Trust of Powell
d Alene	
First Security Bank of Missoula	Citizens Community Bank of
	Pocatello
¶ Bank of Evanston	First Bank of Montana (Lewistown)
Western Security Bank of Billings	Bank of the San Juans (Durango)
Big Sky Western Bank of Bozeman	

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 1, 2011, you are entitled to vote at the Annual Meeting. There were approximately 71,915,073 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 (as defined below) 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 ten director nominees 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 Advisory (Non-Binding) Vote on Executive Compensation. The affirmative vote *FOR* by a majority of those shares present in person or by proxy and voting on this matter is required to approve the advisory (non-binding) resolution on the compensation of the Company's executive officers. You

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may vote FOR, AGAINST or ABSTAIN from approving the advisory (non-binding) resolution on executive compensation. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

Proposal No. 3 Advisory (Non-Binding) Vote on Frequency of Shareholder Vote on Executive Compensation.

Shareholders must vote, in an advisory (non-binding) capacity, whether future advisory votes on executive compensation will occur every one, two or three years. The frequency receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by shareholders. Shareholders may also abstain from voting. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

For the reasons discussed under **Proposal No. 3** on page 31, the Board of Directors has determined that an annual advisory vote on executive compensation is the most appropriate alternative for the Company. Therefore, the Board recommends that you vote for a one-year interval for advisory votes on executive compensation.

Proposal No. 4 Ratification of Independent Registered Public Accounting Firm. The proposal to ratify the appointment of BKD, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011 will be adopted if a majority of the votes are present and entitled to vote are cast FOR the proposal. You may vote FOR, AGAINST or ABSTAIN from approving the proposal. Abstentions and broker non-votes will have no effect on the outcome of the 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 ratification of the appointment of the independent registered public accounting firm. Any proxy given by a shareholder may be revoked before its exercise by:

giving notice to us in writing;

delivering to us 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, bank or other nominee 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.

Brokers cannot vote on behalf of beneficial owners on non-routine proposals (known as broker non-votes). Generally, broker non-votes occur when shares held by a broker for a beneficial owner are

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not voted with respect to a particular proposal because (i) the broker has not received voting instructions from the beneficial owner and (ii) the broker lacks discretionary voting power to vote such shares.

If your shares are held in street name and you do not submit voting instructions to your broker, *your broker may vote your shares at this meeting on the ratification of the appointment of the independent registered public accounting firm only*. If no instructions are given with respect to the election of directors, approval of the (non-binding) resolution on executive compensation or advisory (non-binding) vote on the frequency of future shareholder advisory votes on the Company's executive compensation, *your broker cannot vote your shares on these proposals*.

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.

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

Information regarding each of the nominees is provided below, including each nominee's name, age as of January 26, 2011, principal occupation and public company directorships during the past five years, and the year first elected or appointed as a director of Glacier. All of the nominees are presently directors of Glacier. Information regarding the amount and nature of each nominee's ownership of Glacier common stock is provided under the caption *Security Ownership of Certain Beneficial Ownership and Management*.

At the Annual Meeting, Ms. Sherry Cladouhos, who was appointed to the board of directors in October 2010, will stand for election. Mr. Jon Hippler, who has served on the board of directors since 2000, is retiring effective at the Annual Meeting and will not stand for re-election.

Michael J. Blodnick, 58, is a graduate of the University of Montana, the Pacific Coast Banking School and the Sheshunoff Professional Master of Banking School. He has broad experience having worked in all aspects of banking during his career. Mr. Blodnick has been employed by the Company or Glacier Bank since 1978. He served as the Secretary of the Company in 1993 and was appointed Executive Vice President in 1994. In July of 1998 he was appointed President and Chief Executive Officer of Glacier Bancorp. He currently serves as a director of the following Company subsidiaries: Mountain West Bank and First Security Bank. Mr. Blodnick brings leadership skills, his long career in the banking industry, and his 33-year tenure at Glacier, which enable him to advise the Board in its deliberations on a wide variety of topics.

Sherry L. Cladouhos, 55, was appointed to the Glacier Board in October 2010. She was employed by the Blue Cross Blue Shield Montana for 36 years and served in a variety of leadership and executive roles, including Director of Customer Service and Administration, Vice President of Member Services and Support, Senior Vice President of Marketing and Operations, Co-Chief Operating Officer,

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and in 2005 was named President and CEO. She was responsible for the overall strategic direction of the company and worked with others to provide affordable healthcare coverage to Montanans. Ms. Cladouhos is a Certified Health Insurance Executive and is a graduate of the Berkeley Healthcare Executive Program. Ms. Cladouhos also served on the boards of numerous business and community-related organizations and currently serves on the Montana Chamber of Commerce Board as past Chairman and the Montana Meth Board. Ms. Cladouhos brings extensive experience in executive level leadership and strategic business decision-making to the Board.

James M. English, 66, was appointed to the Glacier Board in February 2004. He has also served as a Director for the Company's subsidiary, Mountain West Bank of Coeur d'Alene, Idaho, since 1996. He earned a BS Degree in Finance and then a Law Degree from the University of Idaho. From 1996-2000 Mr. English served as the President and Chief Operating Officer for Idaho Forest Industries, Inc., a lumber manufacturing, real estate development and building products retail sales company. Mr. English has been an attorney in limited private practice as a sole practitioner of the English Law Firm in Hayden, Idaho, since 2000. He is a partner in Great Sky Development of Boise, Idaho, sits on the board of Bennett Industries, Inc., and also serves on the board of a non-profit organization. Mr. English brings experience and expertise to the Board based on a legal career of over 40 years and experience as a business executive.

Allen J. Fetscher, 65, was appointed to the Glacier Board in December 1996. He serves as the Chairman of the Company's Compensation Committee. He also serves as the Vice-Chairman of Glacier Bancorp's subsidiary, First Security Bank, where he served as Chairman of the Board from its beginning in 1993 through its merger with the Company in 1996 until his resignation from the office in 2008. Mr. Fetscher received a BS degree in Business Administration from the University of Montana in 1968. He 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. Mr. Fetscher has been in the real estate development business since 1970. During the last 40 years he has developed subdivisions, office buildings, apartment complexes and mixed use developments, primarily in Montana. Mr. Fetscher brings extensive knowledge of local and regional real estate markets and development to the Board.

Dallas I. Herron, 66, was appointed to the Glacier Board in June 2008. Mr. Herron had previously served as a director of Glacier's subsidiary, Glacier Bank, from 1998 through 2008. He received his BS degree in Aeronautical Engineering from Northrop University in 1966. Mr. Herron has worked in the oil industry for 40 years and is the CEO of CityServiceValcon, LLC, which markets petroleum products in Montana, Idaho, Washington and ten other states. He is a past president of the Western Petroleum Marketing Association, a seven-state trade association. He serves on Chevron's Western U.S. Advisory Council. He has also served as Senior Director of the Petroleum Marketer Association of America. Mr. Herron is active in the community, forest products and transportation industries. As our banks become more involved in the energy business, Mr. Herron brings to the Board over 30 years of experience in the energy sector, which is also a regulated business, and also his experience as a business executive.

Craig A. Langel, 60, was appointed to the Glacier Board in December 2005. He was appointed Chair of the Audit Committee following Mr. Sliter's resignation from the Committee in 2009. Mr. Langel received his education at Montana State University graduating with a BS degree in Accounting in 1973. He received his CPA license in 1974. Mr. Langel has served the accounting profession for 37 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., providing consulting and tax services throughout the United States. Through the auspices of Western CPE, Mr. Langel also teaches continuing education courses for Certified Public Accountants including annual tax updates, tax planning,

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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 a part owner of Mustard Seed Restaurants. Mr. Langel served as a director of Glacier's subsidiary, First Security Bank from 1984-2005, and was re-elected to the board in February 2009. He also serves on the boards of two non-profit organizations. With a career of over 30 years as a Certified Public Accountant, Mr. Langel brings extensive financial acumen to the Board, in addition to his experience as a business owner and executive.

L. Peter Larson, 72, has served as a director of Glacier Bancorp and/or Glacier Bank since 1985. He is the Chairman of the Company's Nominating/Corporate Governance Committee. Mr. Larson received a BS degree in 1961 from Principia College in Illinois. He was the Owner/CEO/COO of several small forest products companies, including L. Peter Larson Co. and American Timber Company, until his retirement in 2002. He has served on the boards of directors of a number of non-profit organizations during his career. Currently he is serving on the Northwest Healthcare Board of Trustees and The HealthCenter Board of Managers. Mr. Larson brings to the Board extensive experience in management, including expertise in purchasing, marketing, human resources, distribution and accounting.

Douglas J. McBride, 58, was appointed to the Glacier Board in September 2006. Dr. McBride has been an optometrist in Billings for 32 years. He received his BA at Linfield College and his OD at the Illinois College of Optometry graduating in 1978. Dr. McBride is the former President of the Montana State Board of Examiners for Optometry, of which he has been a member since 1993. He is also the former chairman of the Advisory Board for TLC Laser Eye Center in Billings and is the current administrator for the State of Montana for Vision Source, an optometric franchise. He is a past President of the Montana Optometric Association. Dr. McBride also serves as a director of the Company's subsidiary, Western Security Bank. Dr. McBride's expertise in the healthcare community is unique to the Board and allows him to provide insight into the Company's healthcare and medical benefit issues, as well as the healthcare industry generally.

John W. Murdoch, 68, was appointed to the Glacier Board in September 2005. Mr. Murdoch graduated from Doane College with a BA degree in 1964. He has worked in the ranch and home industry for the past 40 years. Since 1994 he has been an owner of Murdoch's Ranch & Home Supply, LLC, a ranch and home retail operation, and served as its President from its founding until 2006 when he sold a majority ownership to key employees. As President, he coordinated the efforts required to run a 1700 employee, multi-location, multi-state retail operation including the oversight of purchasing, marketing, human resources, distribution and accounting. Mr. Murdoch served as a director of the Company's subsidiary Big Sky Western Bank until February 2010, as well as Eagle Mount (a non-profit organization dedicated to rehabilitation for the disabled), Montana State University Foundation and Bozeman Deaconess Hospital. Mr. Murdoch was also President of Mid-States Distributing Co., Inc., from 2006-2008. Mid-States is a buying cooperative for farm supply stores with over 500 stores and a billion dollars in retail sales. Mr. Murdoch brings to the Board broad experience and expertise based on his management and oversight of substantial consumer businesses.

Everit A. Sliter, 72, has served as a director of Glacier Bancorp and/or Glacier Bank since 1973, and was appointed Chairman of the Glacier Bancorp Board in December 2005. Mr. Sliter served as the Chairman of the Company's Audit Committee until his resignation from the Committee in 2009. He also serves as Chairman of the Company's subsidiary Glacier Bank. Mr. Sliter received his BS degree in Business Administration and Accounting from the University of Montana in 1966 and he maintains a Certified Public Accountant License. From 1965 to 2003 he was a partner in the certified public accounting firm of Jordahl & Sliter, PLLC. Since August 2003, he has been an employee of Jordahl & Sliter. Mr. Sliter serves on the boards of numerous non-profit organizations including Northwest Healthcare Foundation and Bigfork Community Development Foundation. Mr. Sliter brings to the Board

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broad ranging expertise on a wide variety of lending and tax matters. Mr. Sliter's experience as a director of numerous public and civic organizations is also valuable to the Board in connection with the Company's civic involvement.

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

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board of Directors is committed to good business practices, transparency in financial reporting and high standards 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. Glacier 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 related SEC rules and the listing standards of The NASDAQ Global Select Stock Market (NASDAQ).

Board Leadership Structure

The Board of Directors is committed to maintaining an independent Board. In that context, it has been the practice of Glacier to separate the duties of Chairman and Chief Executive Officer. In keeping with good corporate governance practices, at this time the Board believes that the separation of duties of Chairman and Chief Executive Officer eliminates any inherent conflict of interest that may arise when the roles are combined, and that a non-employee director who is not serving as an executive of Glacier can best provide the necessary leadership and objectivity required as Chairman.

Director Qualifications

The Board of Directors believes that it is necessary for each of Glacier's directors to possess many qualities and skills. All of our directors bring to our Board a wealth of leadership experience derived from their service in a variety of professional and executive positions and extensive board experience.

The Nominating/Corporate Governance Committee is responsible for the oversight and nomination process for director nominees. The Committee has not historically adopted formal director qualification standards for Committee-recommended nominees. However, the Committee annually reviews the experience, qualifications, attributes and skills of each director and nominee as part of its evaluation as to whether these are the right individuals to serve on Glacier's Board to help Glacier successfully meet its long-term strategic plans. Because each director of Glacier must be re-elected annually, the Committee has an annual opportunity to assess these factors and, if appropriate, determine not to re-nominate any director. A more detailed discussion regarding the considerations given by the Committee when considering director nominees is set forth below in the section entitled *Nominating/Corporate Governance Committee*.

The director biographical information set forth above in the section entitled *Election of Directors* summarizes the experience, qualifications, attributes and skills that Glacier believes qualifies each director to serve on the Board.

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Code of Ethics and Corporate Governance Documents

Glacier has 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 Glacier'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 at www.glacierbancorp.com, or by writing to: LeeAnn Wardinsky, Corporate Secretary, 49 Commons Loop, Kalispell, Montana, 59901.

Director Independence

With the assistance of legal counsel to the Company, the Nominating/Corporate Governance Committee has reviewed the applicable legal standards for Board and Board committee member independence. The Committee has also reviewed a summary of the answers to annual questionnaires completed by each of the directors, which also included any potential director-affiliated transactions.

The Board then analyzed the independence of each director and nominee and determined that the following members of the Board meet the standards regarding independence required by applicable law, regulation and NASDAQ listing standards, 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 loans to the directors, each of which were made on the same terms as comparable transactions made with persons not related to Glacier or its subsidiary banks. Such arrangements are discussed in detail under *Transactions with Management*.

Based on these standards, the Board determined that each of the following non-employee directors is independent:

Sherry L. Cladouhos	Craig A. Langel
James M. English	L. Peter Larson
Allen J. Fetscher	Douglas J. McBride
Dallas I. Herron	John W. Murdoch

Based on the standards described above, the Board determined that Michael J. Blodnick and Jon W. Hippler, each of whom serves or served as an executive officer of Glacier or one of its bank subsidiaries in 2010 respectively, and Everit A. Sliter, whose former firm provides accounting services to the Company, are not independent. As noted above, Mr. Hippler will retire from the Board effective on the date of the Annual Meeting.

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 directors with those of Glacier's shareholders. Within three years after 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 with the exception of Ms. Cladouhos, who was appointed to the Board in late 2010.

Table of Contents**Shareholder Communications with the Board of Directors**

The Company and the Board 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 any such written communication will also be sent to our CEO. If the Chairman and the CEO determine that such communication is relevant to and consistent with Glacier's operations and policies, such communication will be forwarded to the entire Board for review and consideration.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board met 19 times during the fiscal year. Each director attended at least 75% of the meetings of the Board and the committees on which he served. Glacier encourages, but does not require the directors to attend Annual Shareholder Meetings. Last year, all but one of our directors attended the Annual Shareholder Meeting.

Board Authority for Risk Oversight

The Board has the ultimate authority and responsibility for overseeing risk management at Glacier. Some aspects of risk oversight are fulfilled at the full Board level. For example, the Board regularly receives reports from management; specifically from enterprise risk management on numerous risk components that impact the operations and reputation of the Company. The Board delegates other aspects of its risk oversight function to its committees. The Audit Committee oversees financial, accounting and internal control risk management. The head of the Company's internal audit function reports directly to the Audit Committee. The executive officers regularly report directly to the entire Board and to appropriate Board committees with respect to the risks they are responsible for managing.

The Compensation Committee oversees the management of risks that may be posed by the Company's compensation practices and programs. As part of this process, the Compensation Committee is responsible for analyzing the compensation policies and practices for all employees, not just executive management. In its review of these policies and practices, the Compensation Committee has determined that the current policies and practices do not create or encourage employees to take risks that are reasonably likely to have a material adverse effect on the Company.

Committee Membership

The Board has established, among others, an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee.

The following table shows the membership of these committees.

Name	Audit	Compensation	Nominating
Sherry L. Cladouhos	þ	þ	þ
James M. English	þ	þ	þ
Allen J. Fetscher	..	þ*	þ
Dallas I. Herron	þ	þ	þ
Craig A. Langel	þ*	þ	þ
L. Peter Larson	þ	þ	þ*

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Name	Audit	Compensation	Nominating
Douglas J. McBride	þ	þ	þ
John W. Murdoch	þ	þ	þ

* Committee Chair

Audit Committee. During the fiscal year ended December 31, 2010, the Audit Committee was comprised of 6 directors (7 upon the appointment of Ms. Cladouhos in October 2010), each of whom is considered independent as defined by NASDAQ listing standards and applicable SEC rules. Mr. Langel served as the Chairman of the Audit Committee and qualifies as an audit committee financial expert under SEC rules.

The Audit Committee operates under a formal written charter adopted by the Board. As part of its periodic review of audit committee-related matters, the Audit Committee has received updates on the relevant requirements of applicable SEC rules 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

review and approve related person transactions.

The Audit Committee held 12 regular meetings and 6 special meetings during 2010.

Compensation Committee. During the fiscal year ended December 31, 2010, the Compensation Committee was comprised of 7 directors (8 upon the appointment of Ms. Cladouhos in October 2010), each of whom are considered independent as defined by NASDAQ listing standards and applicable SEC and IRS rules. 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 Compensation Committee evaluates several performance factors, including the Company's financial results, levels of compensation of peer financial institutions and the report of our compensation consultants, Watson-Wyatt. In 2005, the Compensation Committee independently retained Watson Wyatt to assist the

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Compensation Committee in its deliberations regarding executive compensation. The mandate of the consultant was to work for the Compensation Committee in its review of executive compensation practices, including designing our long-term incentive program. Although the Compensation Committee has not subsequently retained Watson Wyatt to review the performance of the Company's Chief Executive Officer and other key employees, however, it continues to consider the suggestions made in 2005 and has incorporated those suggestions into its compensation analysis in subsequent years. A complete description of the executive compensation process is described under *Compensation Discussion and Analysis*.

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 three 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. During the fiscal year ended December 31, 2010, the Nominating/Corporate Governance Committee (Nominating Committee) was comprised of 7 directors (8 upon the appointment of Ms. Cladouhos in October 2010), each of whom is considered independent as defined by NASDAQ listing standards. The Nominating 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, including its Corporate Governance Policy, in light of emerging standards and best practices and the needs of Glacier and its shareholders, and make such recommendations to the full Board as the Nominating Committee considers appropriate. The Nominating Committee operates under a formal written charter approved by the Board. The Nominating Committee met 10 times during 2010.

The Nominating Committee will consider nominees recommended by shareholders, if the recommendations are made in accordance with the procedures described in this Proxy Statement under *Shareholder Proposals and Director Nominations*.

In deciding whether to recommend incumbent directors for re-nomination, the Nominating Committee evaluates Glacier's evolving needs, and assesses the effectiveness and contributions of its existing directors. The Nominating Committee is authorized to establish guidelines for the qualification, evaluation and selection of new directors to serve on the Board. The Nominating Committee has not adopted, nor does it anticipate adopting, specific qualifications for Nominating Committee recommended nominees, nor has the Nominating Committee adopted a formal policy relating to Board diversity, although the Nominating Committee and Board value a diversity of backgrounds, professional experience and skills among directors. The Nominating Committee will instead evaluate each nominee on a case-by-case basis, including assessment of each nominee's business experience and special skills. The Nominating Committee will also evaluate whether a nominee's skills are complementary to existing

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Board members' skills, and the Board's need for operational, management, financial, technological or other expertise.

COMPENSATION OF DIRECTORS

The Compensation Committee has authority over director compensation subject to the Board's authority to approve changes. Our directors receive compensation in the form of cash and, as applicable, awards in the form of restricted stock or stock options. Glacier 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 is included in the table as they are employees of Glacier 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.

2010 Director Compensation Table

Name (a)	Fees Earned or Paid in Cash		Option Awards	Total
	(\$) (b)(1)		(\$) (c)(2)	(\$) (d)
Sherry L. Cladouhos	\$ 4,120		\$0	\$ 4,120
James M. English	41,320		0	41,320
Allen J. Fetscher	43,795		0	43,795
Dallas I. Herron	24,720		0	24,720
Jon W. Hippler	33,900		0	33,900
Craig A. Langel	37,520		0	37,520
L. Peter Larson	28,029		0	28,029
Douglas J. McBride	37,520		0	37,520
John W. Murdoch	25,370		0	25,370
Everit A. Sliter	59,229		0	59,229

- (1) Directors are paid an annual retainer of \$24,720 and receive additional compensation for services performed as committee members. Messrs. English, Fetscher, Hippler, Langel, McBride, and Sliter also receive compensation as directors of Glacier's subsidiary banks. Amount includes Board and committee fees earned or deferred in 2010.
- (2) At fiscal year end, the non-employee directors had in the aggregate outstanding stock option awards to purchase shares of the Company as follows: Ms. Cladouhos 0 shares; Mr. English 5,875 shares; Mr. Fetscher 5,875 shares; Mr. Herron 2,190 shares; Mr. Langel 5,875 shares; Mr. Larson 5,875 shares; Dr. McBride 5,875 shares; Mr. Murdoch 5,875 shares; and Mr. Sliter 5,875 shares.

2010 Director Compensation

In 2008 the Compensation Committee recommended and the Board approved an increase in directors' fees based upon recommendations made by Watson Wyatt in 2008. The proposed fee schedule provided for an annual retainer (to \$28,000), equity awards (to \$17,000) and committee chairpersons' fees (to \$3,000 for committee chairs and \$7,000 for the Board chair). The new fee schedule was to become effective on January 1, 2009. However, because of changes since early 2008 in the banking environment, the Board has indefinitely suspended the proposed increase in directors' fees.

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In its review in 2010 of comparable financial companies in the context of revising Glacier's peer group (see *Compensation Discussion and Analysis – Process for Determining Compensation* below), the Compensation Committee also reviewed compensation paid to directors of companies in the peer group. As is the case with executive compensation, the Compensation Committee does not target director compensation at any specific benchmark among the levels paid within the peer group. However, the Committee noted that total compensation paid to Glacier's directors in 2010 was approximately 61% of the average total compensation paid to directors of companies within the peer group.

Cash Compensation

Non-employee directors of Glacier were paid an annual retainer of \$24,720 in 2010 as compensation for their services as directors. Chairs of the Audit, Compensation and Nominating/Corporate Governance Committees received an additional retainer of \$1,200, and the Chairman of Board receives an additional retainer of \$5,562. Non-employee directors may elect to defer the receipt of meeting and/or director fees in accordance with the terms of Glacier's Deferred Compensation Plan, the material terms of which are described under the section *Executive Compensation Deferred Compensation Plan*.

Equity Compensation

Directors' Stock Option Plan. Glacier previously maintained a Directors' Stock Option Plan (Director Plan) for non-employee directors. Under the Director Plan, a set number of shares of common stock were 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. Nonqualified options allow a 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 Director Plan 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 expired in March 2009. Although no new options may be issued under the Director Plan, there are previously granted but unexercised options outstanding under that plan. Glacier's 2005 Stock Incentive Plan provides for the grant of equity awards to directors. Accordingly, Glacier determined not to renew the Director Plan when it expired, and will make subsequent grants to directors under the 2005 Stock Incentive Plan.

No stock options were awarded to Glacier's directors for the year 2010.

EXECUTIVE COMPENSATION

The following section describes the compensation that Glacier pays its Chief Executive Officer, Chief Financial Officer, and each other executive officer who in 2010 earned total compensation exceeding \$100,000 (the Named Executive Officers), consisting of the following persons:

Michael J. Blodnick, President and Chief Executive Officer and a Glacier Director

Ron J. Copher, Senior Vice President and Chief Financial Officer

Don J. Chery, Executive Vice President and Chief Administrative Officer

Jon W. Hippler, Chief Executive Officer of Mountain West Bank and a Glacier Director

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Glacier has only four Named Executive Officers rather than five, as typically disclosed under SEC rules, because Glacier has only three executive officers and only one executive of a subsidiary who performs a policy-making function for Glacier.

This section includes:

Compensation Discussion and Analysis (CD&A);

Summary Compensation Table and other tables detailing the compensation of the Named Executive Officers;

Report of Compensation Committee; and

Narrative disclosure about various compensation plans and arrangements and post-employment and termination benefits payable to the Named Executive Officers.

Compensation Discussion and Analysis

The Board has established a Compensation Committee which is responsible for planning, establishing, and monitoring overall compliance with our compensation policies. The Compensation 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 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 within our industry and with other relevant organizations with whom Glacier and our banking subsidiaries 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

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The Compensation 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 significant 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 Glacier meets its performance objectives.

Process for Determining Compensation

The Compensation 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, establishment of target bonuses and performance objectives and granting of stock options for the current fiscal year. Among other things, the Compensation 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 for executive officers of the Company and subsidiary bank presidents 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 Compensation Committee then submits a recommendation regarding compensation for all executive officers to the Board for approval. The Compensation Committee meets separately on an annual basis with our Chief Executive Officer to determine his compensation.

In 2005, the Compensation 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 engage Watson-Wyatt for 2010 for executive compensation, but the Compensation Committee still considered the recommendations made by Watson-Wyatt in 2005 in determining the compensation packages for executives in 2010. In addition, the Compensation 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 Compensation Committee and consists of companies which the Committee believes are comparable in size to the Company and with whom we may compete against. In 2010, the Compensation Committee, at the direction of the Board, conducted an extensive review of the process by which the Compensation Peer Group is established, with emphasis on asset size, profitability and location as the measures of comparability, in that order of importance.

Potential comparable companies were initially filtered by asset size, then evaluated for profitability, including provisions for assets quality and other performance standards believed to best generally align with Glacier's goals. The Compensation Committee relied on profitability data provided by Bank Director Magazine's list of the top 150 financial institutions, as Glacier has been in this group for the past five years.

Potential comparable companies were analyzed for compensation, utilizing data from the SNL Financial Executive Compensation Review, and other information compiled by the Compensation Committee. Finally, executive compensation data was analyzed by region. The compensation