GLACIER BANCORP INC
Form 424B3
March 15, 2010

Table of Contents

The information in this prospectus supplement is not complete and may change. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 15, 2010

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated November 3, 2008)

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-154968

$110,000,000
Common Stock

We are offering shares of our common stock. Our common stock is listed on the Nasdaq Global Select Market under the symbol GBCI. The last reported closing sale price of our common stock on the Nasdaq Global Select Market, on March 12, 2010, was $14.79 per share.

Investing in our common stock involves risks. Before buying any shares you should carefully read the discussion of material risks in investing in our common stock in Risk Factors beginning on page S-5 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount and commissions	$	$
Proceeds, before expenses, to us	$	$

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE NOT DEPOSITS OR OBLIGATIONS OF A BANK OR SAVINGS ASSOCIATION AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

We have granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover over-allotments.

The underwriters expect to deliver the shares in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York, on or about March , 2010.

D.A. Davidson & Co.
Sole Book-Running Manager

Keefe, Bruyette & Woods, Inc.

Sandler O Neill + Partners, L.P.

Stifel Nicolaus

The date of this prospectus supplement is March , 2010.

TABLE OF CONTENTS

	Page
Prospectus Supplement	
About This Prospectus Supplement	S-1
Prospectus Supplement Summary	S-1
Our Company	S-1
The Offering	S-3
Selected Historical Financial Information	S-4
Risk Factors	S-5
Cautionary Note Regarding Forward-Looking Statements	S-11
Use of Proceeds	S-12
Capitalization	S-13
Price Range of Common Stock	S-13
Dividend Policy	S-14
Description of Capital Stock	S-14
Underwriting	S-16
Legal Matters	S-18
Prospectus	
About This Prospectus	B-1
Risk Factors	B-1
Cautionary Note Regarding Forward-Looking Statements	B-2
Where You Can Find More Information	B-2
Incorporation of Certain Documents By Reference	B-3
About Glacier	B-3
Use of Proceeds	B-4
Plan of Distribution	B-4
Description of Securities	B-5
Legal Matters	B-5
Experts	B-5

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and D.A. Davidson & Co., Keefe, Bruyette & Woods, Inc., Sandler O Neill & Partners, L.P. and Stifel, Nicolaus & Company, Incorporated, as underwriters, have not, authorized anyone to provide you with different information. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under the shelf registration statement, we may offer and sell shares of our common stock described in the accompanying prospectus in one or more offerings. In this prospectus supplement, we provide you with specific information about the terms of this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing in our common stock. This prospectus supplement may also add, update and change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described under *Where You Can Find More Information* in the accompanying prospectus before investing in our common stock.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the Securities and Exchange Commission. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the accompanying prospectus combined. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This summary may not contain all of the information that you should consider before investing in our common stock. We urge you to read this prospectus supplement carefully, including the accompanying prospectus and the documents incorporated by reference. Unless we state otherwise or the context indicates otherwise, references to Glacier, we, us, our and the Company in this prospectus supplement and the accompanying prospectus refer to Glacier Bancorp, Inc. and its subsidiaries.

OUR COMPANY

Glacier Bancorp, Inc. is a regional multi-bank holding company headquartered in Kalispell, Montana. We provide commercial banking services from 106 banking offices located in Montana, Idaho, Wyoming, Colorado, Utah and Washington. We offer a wide range of banking products and services, including transaction and savings deposits, commercial, consumer and real estate loans, mortgage origination services, and retail brokerage services. We serve individuals, small to medium-sized businesses, community organizations and public entities.

We conduct our banking operations through eleven wholly-owned subsidiary commercial banks:

- Glacier Bank, located in Kalispell, Montana, founded in 1955;
- First Security Bank of Missoula, Montana, founded in 1973;
- Valley Bank of Helena, Montana, founded in 1978;
- Big Sky Western Bank, located in Bozeman, Montana, founded in 1990;

Western Security Bank, located in Billings, Montana, founded in 2001;

First Bank of Montana, located in Lewistown, Montana, founded in 1924;

Mountain West Bank, located in Coeur d Alene, Idaho with two branches in Utah and three branches in Washington, founded in 1993;

Citizens Community Bank, located in Pocatello, Idaho, founded in 1996;

1st Bank, located in Evanston, Wyoming with two branches Utah, founded in 1989;

Bank of the San Juans, located in Durango, Colorado, founded in 1998; and

First National Bank & Trust, located in Powell, Wyoming, founded in 1912.

Our subsidiary banks are principally governed and managed within the markets they serve, with significant local decision-making for lending activities, loan and deposit pricing, product selection, staffing, advertising, and community development activities. These customer-related activities are supported by companywide resources and services that include capital, information technology, operational and regulatory support, investment management, and sharing of best practices. We believe this business model enables us to best serve our customers by combining the benefits of local market knowledge, relationships, and responsiveness with the resources and support of a multi-billion dollar banking organization.

As of December 31, 2009, we had total assets of approximately $6.2 billion, total net loans receivable and loans held for sale of approximately $4.0 billion, total deposits of approximately $4.1 billion and approximately $686 million in stockholders equity. Our common stock is listed on the Nasdaq Global Select Market under the symbol GBCI.

Our principal offices are located at 49 Commons Loop, Kalispell, Montana 59901, and our telephone number is (406) 756-4200.

Table of Contents

THE OFFERING

Common stock we are offering	shares
Common stock to be outstanding after this offering	shares
Net proceeds	The net proceeds of the offering, after deducting the underwriters discount and commissions and estimated offering expenses payable by us, will be approximately $.
Use of Proceeds	We intend to use the net proceeds from this offering to support the continued growth of our banks and for general corporate purposes, which may include investments at the holding company level, capital allocations to our banking subsidiaries, and potential future business opportunities in our market areas, such as FDIC-assisted transactions. See *Use of Proceeds.*
Risk Factors	You should carefully read and consider the information set forth in *Risk Factors* beginning on page S-5 of this prospectus supplement, and additional risks described in the documents we incorporate by reference, before investing in our common stock.
Nasdaq Global Select Market Symbol	GBCI

The number of our shares to be outstanding after the offering is based on 61,619,803 shares outstanding as of February 28, 2010. Unless we specifically state otherwise, the information contained in this prospectus supplement:

- is based on the assumption that the underwriters will not exercise the over-allotment option granted to them by us;
- excludes 2,294,925 shares of common stock issuable upon exercise of outstanding stock options as of February 28, 2010, with a weighted average exercise price of $20.00 per share; and
- excludes 2,726,164 additional shares available for issuance as of February 28, 2010 under our employee and director stock option plans.

Table of Contents

SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial information for the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005 is derived from audited consolidated financial statements of Glacier. The financial data below should be read in conjunction with the financial statements and notes thereto, incorporated by reference in this prospectus supplement. See *Where You Can Find More Information.*

	At or for the Fiscal Years Ended December 31				
	2009	2008	2007	2006	2005
	Dollars in thousands, except per share data				
Summary of Operations:					
Interest income	$ 302,494	$ 302,985	$ 304,760	$ 253,326	$ 189,985
Interest expense	57,167	90,372	121,291	95,038	59,978
Net interest income	245,327	212,613	183,469	158,288	130,007
Provision for loan losses	124,618	28,480	6,680	5,192	6,023
Net interest income after provision for loan losses	120,709	184,133	176,789	153,096	123,984
Noninterest income	86,474	61,034	64,818	51,842	44,626
Noninterest expenses	168,818	145,909	137,917	112,550	90,926
Pre-tax net income	38,365	99,258	103,690	92,388	77,684
Income taxes	3,991	33,601	35,087	31,257	25,311
Net income	$ 34,374	$ 65,657	$ 68,603	$ 61,131	$ 52,373
Basic earnings per share[1]	$ 0.56	$ 1.20	$ 1.29	$ 1.23	$ 1.12
Diluted earnings per share[1]	$ 0.56	$ 1.19	$ 1.28	$ 1.21	$ 1.09
Cash dividends per share[1]	$ 0.52	$ 0.52	$ 0.50	$ 0.45	$ 0.40
Statement of Financial Conditions:					
Total assets	$ 6,191,795	$ 5,553,970	$ 4,817,330	$ 4,471,298	$ 3,708,975
Cash and securities	1,716,969	1,125,347	927,933	998,654	1,102,664
Net loans receivable and loans held for sale	3,987,318	4,053,454	3,557,122	3,165,524	2,397,187
Allowance for Loan Losses	142,927	76,739	54,413	49,259	38,655
Total deposits	4,100,152	3,262,475	3,184,478	3,207,533	2,534,712
Total borrowings	1,241,618	1,449,187	940,570	646,508	719,413
Stockholders equity	685,890	676,940	528,576	456,143	333,239
Book value per share[1]	$ 11.13	$ 11.04	$ 9.85	$ 8.72	$ 6.91
Tangible book value per share[1]	$ 8.53	$ 8.43	$ 6.98	$ 5.96	$ 5.10
Key Operating Ratios:					
Return on average assets	0.60%	1.31%	1.49%	1.52%	1.52%

Return on average equity	4.97%	11.63%	13.82%	16.00%	17.62%
Efficiency ratio	50.88%	53.32%	55.55%	53.56%	52.07%
Net interest margin[2]	4.82%	4.70%	4.50%	4.44%	4.25%
Cost of funds	1.15%	2.04%	2.99%	2.64%	1.92%
Dividend payout ratio	92.86%	43.33%	38.76%	36.59%	35.93%
Asset Quality Ratios					
Non-performing assets to total assets	4.13%	1.46%	0.27%	0.19%	0.26%
Non-performing loans to gross loans	4.93%	1.77%	0.31%	0.23%	0.40%
Non-performing assets to loans plus OREO[3]	6.24%	2.04%	0.37%	0.28%	0.41%
Net charge-offs to average loans	1.41%	0.23%	0.06%	0.02%	0.02%
Allowance for loan and lease losses to total loans	3.46%	1.86%	1.51%	1.53%	1.59%
Allowance for loan and lease losses to non-performing assets	55%	91%	409%	554%	383%
Allowance for loan and lease losses to non-performing loans	70%	105%	484%	665%	396%
Capital Ratios					
Average equity to average assets	12.16%	11.23%	10.78%	9.52%	8.61%
Tangible equity to tangible assets[4]	8.72%	9.59%	8.03%	7.20%	6.80%
Leverage ratio	11.20%	12.38%	10.48%	9.77%	9.17%
Tier 1 risk-based capital ratio	14.02%	14.30%	12.17%	12.10%	12.00%
Total risk-based capital ratio	15.29%	15.55%	13.42%	13.35%	13.26%

(1) Revised for stock splits and stock dividends.

(2) Calculated on a tax equivalent basis.

(3) Non-performing assets (NPAs) include non-accrual loans, accruing loans past due more than 90 days, and other real estate owned (in all cases net of government guaranties), but do not include troubled debt restructurings that are not otherwise included in the preceding categories. For purposes of calculating the ratio of NPAs to total assets, total assets are the combined assets of our subsidiary banks.

(4) Tangible equity and tangible assets exclude goodwill and other intangible assets.

RISK FACTORS

Before you invest in our common stock, you should be aware that there are various risks, including those described below, that could affect the value of your investment in the future. The risk factors described in this section, as well as any cautionary language in this prospectus supplement, provide examples of risks, uncertainties and events that could have a material adverse effect on our business, including our operating results and financial condition. These risks could cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. You should carefully consider these risk factors together with all of the risk factors and other information included or incorporated by reference in this prospectus supplement, before you decide whether to purchase shares of our common stock.

Risks Associated with Our Business

We cannot accurately predict the effect of the continuing economic downturn on our future results of operations or the market price of our common stock.

The national economy and the financial services sector in particular continue to face challenges of a scope unprecedented in recent history. We cannot accurately predict the severity or duration of the continuing economic downturn, which has adversely impacted our markets and our Company. Any further deterioration in the economies of the nation as a whole or in our markets would have an adverse effect, which could be material, on our business, financial condition, results of operations and prospects, and could also cause the market price of our common stock to decline. While we cannot accurately predict how long these conditions may exist, the economic downturn could continue to present risks for some time for the industry and the Company.

Further economic deterioration in the market areas we serve, including Montana, Idaho, Wyoming, Utah, Colorado and Washington, as well as the continuation of the current economic downturn, may continue to adversely impact earnings and could increase credit risk associated with the loan portfolio.

The inability of borrowers to repay loans can erode earnings by reducing our earnings and by requiring us to add to our allowance for loan and lease losses. The effects of the national economic downturn are significantly impacting the market areas we serve. Further deterioration in the market areas we serve, as well as the continuation of the current economic downturn, could result in the following consequences, any of which could have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects:

- loan delinquencies may increase further;
- problem assets and foreclosures may increase further;
- collateral for loans made may decline further in value, in turn reducing customers   borrowing power and reducing the value of assets and collateral associated with existing loans;
- demand for banking products and services may decline; and
- low cost or non-interest bearing deposits may decrease.

The allowance for loan and lease losses may not be adequate to cover actual loan losses, which could adversely affect earnings.

We maintain an allowance for loan and lease losses (ALLL) in an amount that we believe is adequate to provide for losses in our loan portfolio. While we strive to carefully manage and monitor credit quality and to identify loans that may become non-performing, at any time there are loans included in the portfolio that will result in losses, but that have not been identified as non-performing or potential problem loans. By closely monitoring credit quality, we attempt to identify deteriorating loans before they become non-performing assets and adjust the ALLL accordingly. However, because future events are uncertain, and if the economic downturn continues or deteriorates further, there may be loans that deteriorate to a non-performing status in an accelerated time frame. As a result, future additions to the ALLL may be necessary. Because the loan portfolio

contains a number of loans with relatively large balances, the deterioration of one or a few of these loans may cause a significant increase in non-performing loans, requiring an increase to the ALLL. Additionally, future significant additions to the ALLL may be required based on changes in the mix of loans comprising the portfolio, changes in the financial condition of borrowers, which may result from changes in economic conditions, or as a result of incorrect assumptions by management in determining the ALLL. Additionally, federal banking regulators, as an integral part of their supervisory function, periodically review our loan portfolio and the adequacy of the ALLL. These regulatory agencies may require us to recognize further loan loss provisions or charge-offs based upon their judgments, which may be different from our judgments. Any increase in the ALLL would have an adverse effect, which could be material, on our financial condition and results of operations.

We have a high concentration of loans secured by real estate, so any further deterioration in the real estate markets we serve could require material increases in ALLL and adversely affect our financial condition and results of operations.

At December 31, 2009, we had approximately $3.46 billion of loans secured by real estate, representing 84% of our total loan portfolio. A continuation of the downturn in the economic conditions or real estate values of the market areas we serve, and particularly a further deterioration of such economic conditions or real estate values, may cause us to have lower earnings and could increase credit risk associated with the loan portfolio, as the collateral securing those loans may decrease in value. The continued downturn in the local economy or a further deterioration of the local economy could have a material adverse effect both on the borrowers ability to repay these loans, as well as the value of the real property held as collateral. Our ability to recover on these loans by selling or disposing of the underlying real estate collateral is adversely impacted by declining real estate values, which increases the likelihood that we will suffer losses on defaulted loans secured by real estate beyond the amounts provided for in the ALLL. This, in turn, could require material increases in the ALLL which would adversely affect our financial condition and results of operations, perhaps materially.

A continued tightening of the credit markets may make it difficult to obtain adequate funding for loan growth, which could adversely affect earnings.

A continued tightening of the credit markets and the inability to obtain or retain adequate funds for continued loan growth at an acceptable cost may negatively affect our asset growth and liquidity position and, therefore, earnings capability. In addition to core deposit growth, maturity of investment securities and loan payments, we also rely on alternative funding sources through correspondent banking and borrowing lines with the Federal Reserve Bank and Federal Home Loan Bank to fund loans. In the event the current economic downturn continues, particularly in the housing market, these resources could be negatively affected, both as to price and availability, which would limit and or raise the cost of the funds available to us.

There can be no assurance we will be able to continue paying dividends on our common stock at recent levels.

Our ability to pay dividends on our common stock depends on a variety of factors. We paid dividends of $0.13 per share in each quarter of 2009. There can be no assurance that we will be able to continue paying quarterly dividends commensurate with recent levels. In connection with the recent completion of our regulatory exam, we received correspondence from the Federal Reserve requiring us to provide prior written notice and related information for staff review before declaring or paying dividends. In addition, current guidance from the Federal Reserve provides, among other things, that dividends per share generally should not exceed earnings per share. As a result, future dividends will depend on sufficient earnings to support them. Furthermore, our ability to pay dividends depends on the amount of dividends paid to us by our subsidiaries, which is also subject to government regulation, oversight and review. In addition, the ability of some of our subsidiary banks to pay dividends to us is subject to prior regulatory approval. See *Description of Capital Stock Dividend Rights* below.

Table of Contents

We may not be able to continue to grow our company organically or through acquisitions.

Historically, we have expanded through a combination of organic growth and acquisitions. If market and regulatory conditions remain challenging, we may be unable to grow organically or successfully complete potential future acquisitions. In particular, while we intend to focus any near-term acquisition efforts on FDIC-assisted transactions within our existing market areas, there can be no assurance that such opportunities will become available on terms that are acceptable to us. Furthermore, there can be no assurance that we can successfully complete such transactions, since they are subject to a formal bid process and regulatory review and approval.

The FDIC has increased insurance premiums to rebuild and maintain the federal deposit insurance fund and there may be additional future premium increases and special assessments.

The FDIC adopted a final rule revising its risk-based assessment system, effective April 1, 2009. The changes to the assessment system involve adjustments to the risk-based calculation of an institution s unsecured debt, secured liabilities and brokered deposits. The revisions effectively result in a range of possible assessments under the risk-based system of 7 to 77.5 basis points. The potential increase in FDIC insurance premiums could have a significant impact on us.

On May 22, 2009, the FDIC imposed a special deposit insurance assessment of five basis points on all insured institutions. This emergency assessment was calculated based on the insured institution s assets at June 30, 2009, and collected on September 30, 2009. This special assessment was in addition to the regular quarterly risk-based assessment.

The FDIC also has recently required insured institutions to prepay estimated quarterly risk-based assessments for the fourth quarter of 2009 and for 2010, 2011 and 2012, and increased the regular assessment rate by three basis points effective January 1, 2011, as a means of replenishing the deposit insurance fund. The prepayment was collected on December 30, 2009, and was accounted for as a prepaid expense amortized over the prepayment period.

The FDIC deposit insurance fund may suffer additional losses in the future due to bank failures. There can be no assurance that there will not be additional significant deposit insurance premium increases, special assessments or prepayments in order to restore the insurance fund s reserve ratio. Any significant premium increases or special assessments could have a material adverse effect on our financial condition and results of operations.

Our loan portfolio mix increases our exposure to credit risks tied to deteriorating conditions.

Our loan portfolio contains a high percentage of commercial, commercial real estate and real estate acquisition and development loans in relation to the total loans and total assets. These types of loans have historically been viewed as having more risk of default than residential real estate loans or certain other types of loans or investments. In fact, the FDIC has issued pronouncements alerting banks of its concern about banks with a heavy concentration of commercial real estate loans. These types of loans also typically are larger than residential real estate loans and other commercial loans. Because our loan portfolio contains a significant number of commercial and commercial real estate loans with relatively large balances, the deterioration of one or more of these loans may cause a significant increase in non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the provision for loan losses, and an increase in loan charge-offs, which could have an adverse impact on results of operations and financial condition.

Our non-performing assets have increased significantly and could continue to increase, which could adversely affect our results of operations and financial condition.

Our total non-performing assets (which include foreclosed real estate) were approximately $261 million at December 31, 2009, up from approximately $84 million at December 31, 2008. The significant increase in our non-performing assets adversely affects our net income and financial condition in various ways. We do not

Table of Contents

record interest income on non-accrual loans or other real estate owned, thereby adversely affecting our income. When we take collateral in foreclosures and similar proceedings, we are required to mark the related asset to the then fair market value of the collateral less cost to sell, which may result in a charge-off of the value of the asset and lead us to increase our provision for loan losses. An increase in the level of non-performing assets also increases our risk profile and may impact the capital levels our regulators believe is appropriate in light of such risks. Continued decreases in the value of these assets, or the underlying collateral, or in these borrowers performance or financial condition, whether or not due to economic and market conditions beyond our control, could adversely affect our business, results of operations and financial condition, perhaps materially. In addition to the carrying costs to maintain other real estate owned, the resolution of non-performing assets increases our loan administration costs generally, and requires significant commitments of time from management and our directors, which can be detrimental to performance of their other responsibilities. There can be no assurance that we will not experience further increases in non-performing assets in the future.

Our ability to access markets for funding and acquire and retain customers could be adversely affected by the deterioration of other financial institutions or to the extent the financial service industry s reputation is damaged.

Reputation risk