

GLACIER BANCORP INC  
Form S-4  
May 30, 2014  
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As filed with the Securities and Exchange Commission on May 30, 2014.

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT**

*Under*

***THE SECURITIES ACT OF 1933***

**GLACIER BANCORP, INC.**

**(Exact name of registrant as specified in its charter)**

<b>MONTANA</b>	<b>6022</b>	<b>81-0519541</b>
<b>(State or other jurisdiction of</b>	<b>(Primary standard industrial</b>	<b>(I.R.S. employer</b>
<b>incorporation or organization)</b>	<b>classification code number)</b>	<b>identification no.)</b>
<b>49 Commons Loop, Kalispell, Montana 59901 (406) 756-4200</b>		

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**MICHAEL J. BLODNICK**

**President and Chief Executive Officer**

**49 Commons Loop**

**Kalispell, Montana 59901**

**(406) 756-4200**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies of communications to:*

**STEPHEN M. KLEIN**

**LAURA A. BAUMANN**

**Graham & Dunn PC**

**Pier 70, 2801 Alaskan Way, Suite 300**

**Seattle, Washington 98121-1128**

**Telephone: (206) 340-9648**

**Facsimile: (206) 340-9599**

**CLINTON P. SWIFT**

**Swift & Bramer, LLP**

**1298 Main Street, Unit A**

**Windsor, CO 80550**

**Telephone: (970) 460-0597**

**Facsimile: (970) 237-4838**

**Approximate date of commencement of proposed sale of securities to the public:**

As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities Being Registered	Amount Being Registered(1)	Proposed	Proposed	Amount of Registration Fee(2)
		Maximum Offering Price Per Share	Maximum Aggregate Offering Price(2)	
Common Stock, \$0.01 Par Value	555,733	N/A	\$16,344,409.40	\$2,105.16

- (1) Represents the maximum number of shares of common stock, \$0.01 par value per share estimated to be issuable by Glacier Bancorp, Inc. ( Glacier ) upon consummation of the merger described herein.
- (2) Calculated in accordance with Rule 457(f) under the Securities Act of 1933, the proposed maximum offering price of \$16,344,409 is computed by subtracting \$16,344,100 (the estimated cash to be paid by Glacier) from the product of (A) \$195.64, the per-share book value of FNBR Holding Corporation common stock on March 31, 2014 times (B) 167,085 (the maximum number of shares of FNBR Holding Corporation common stock expected to be exchanged for the common stock being registered).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT WILL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT WILL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT WILL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.



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PROXY STATEMENT

PROSPECTUS OF

OF FNBR HOLDING CORPORATION

GLACIER BANCORP, INC.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear FNBR Shareholders:

As you may know, the boards of directors of FNBR Holding Corporation and Glacier Bancorp, Inc. have agreed on a merger of FNBR with and into Glacier Bancorp. Simultaneously, First National Bank of the Rockies, FNBR's subsidiary, will merge with and into Glacier Bank, Glacier's subsidiary, and will continue to operate under the name and as part of Bank of the San Juans, a division of Glacier Bank.

Under the terms of the Plan and Agreement of Merger, dated May 8, 2014, Glacier will pay to FNBR's shareholders, a total of 555,733 shares of Glacier common stock, plus a cash payment equal to \$16,344,100, with each portion of the merger consideration being subject to adjustment as described in the attached proxy statement/prospectus.

Each outstanding share of FNBR common stock will be exchanged for a fixed number of shares of Glacier common stock and a fixed amount of cash. The total cash portion of the merger consideration will be reduced by the amount by which FNBR's capital prior to the closing is less than \$32,688,200. Assuming for purposes of illustration only that the cash payment made by Glacier is \$16,344,100, you will receive a total value of \$185.43 in a combination of \$97.82 in cash and 3.326 shares of Glacier common stock for each of your FNBR shares. This valuation is based on the \$26.34 closing price of Glacier common stock on May 28, 2014.

We will hold a special shareholders meeting to vote on the merger proposal. In that regard, directors, of FNBR and First National Bank of the Rockies and certain principal shareholders of FNBR, who collectively own 95% of FNBR's outstanding common stock, have agreed in writing to vote in favor of the merger proposal. **The FNBR special shareholders meeting will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_ a.m. local time, at \_\_\_\_\_.** Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed form of proxy.

On behalf of the FNBR board of directors, I recommend that you vote FOR approval of the merger.

Peter Y. Waller

Chairman

**Neither the Federal Deposit Insurance Corporation, Securities and Exchange Commission, nor any state securities commission has approved the securities to be issued by Glacier or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The shares of Glacier common stock to be issued in the merger are not savings or deposit accounts or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation, the Federal Deposit Insurance Fund or any other governmental agency. Such shares are not guaranteed by Glacier or FNBR and**

**are subject to investment risk, including the possible loss of principal.**

This proxy statement/prospectus is dated \_\_\_\_\_, 2014, and is first being mailed to  
FNBR shareholders on \_\_\_\_\_, 2014.

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**FNBR HOLDING CORPORATION**

**2452 Highway 6 & 50**

**Grand Junction, Co 81505**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD                      , 2014**

TO THE SHAREHOLDERS OF FNBR HOLDING CORPORATION:

A special meeting of shareholders of FNBR Holding Corporation will be held on                      , 2014, at                      a.m. local time, at                      . The special meeting is for the following purposes:

1. To consider and vote on a proposal to approve the Plan and Agreement of Merger, dated as of May 8, 2014, among Glacier Bancorp, Inc., Glacier Bank, FNBR Holding Corporation and First National Bank of the Rockies, under the terms of which FNBR will merge with and into Glacier, as more fully described in the accompanying proxy statement/prospectus. The merger agreement is attached as **Appendix A** to the proxy statement/prospectus that accompanies this notice.
2. To approve one or more adjournments of the FNBR special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the merger.

Holders of record of FNBR common stock at the close of business on                      , 2014, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of it. The affirmative vote of the holders of at least a majority of the shares of FNBR                      s outstanding common stock is required for approval of the merger agreement. The directors of FNBR and First National Bank of the Rockies and certain principal shareholders of FNBR owning 157,965 shares (approximately 95% of outstanding shares) have signed an agreement to vote their shares in favor of the merger. As of                      , 2014, there were                      shares of FNBR common stock outstanding and entitled to vote at the special meeting.

FNBR shareholders have the right to dissent from the merger and obtain payment of the fair value of their FNBR shares under applicable provisions of Colorado law. A copy of the provisions regarding dissenters                      rights is attached as **Appendix B** to the accompanying proxy statement/prospectus. For details of your dissenters                      rights and how to exercise them, please see the discussion under                      The Merger                      Dissenters                      Rights of Appraisal.

**Your vote is important.** Whether or not you plan to attend the special meeting, please complete, sign, date and promptly return the accompanying proxy using the enclosed envelope. If for any reason you should desire to revoke your proxy, you may do so at any time before it is voted at the meeting. **If you do not vote your shares, it will have the same effect as voting against the merger.**

**The board of directors of FNBR has determined that the merger agreement is fair to and in the best interests of FNBR and its shareholders and unanimously recommends that you vote FOR approval of the merger agreement.**

**Please do not send any certificates for your stock at this time. You will receive instructions on how to exchange your certificates soon after the merger is consummated.**

By Order of the Board of Directors,

Vernon K. Cochran, Secretary  
Grand Junction, Colorado  
, 2014



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**WHERE YOU CAN FIND MORE INFORMATION ABOUT GLACIER**

**This proxy statement/prospectus incorporates important business and financial information about Glacier from documents that are not included in or delivered with this document.**

Glacier files annual, quarterly and current reports, proxy statements, and other information with the SEC. You may read and copy any reports, statements, or other information that Glacier files at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Glacier's SEC filings are also available to the public on the SEC Internet site (<http://www.sec.gov>). As described below, you may also obtain the documents that Glacier is incorporating by reference into this proxy statement/prospectus from Glacier.

Glacier has filed a Registration Statement on Form S-4 to register with the SEC the shares of Glacier common stock to be issued to FNBR shareholders in the merger. This proxy statement/prospectus is part of that Registration Statement and constitutes a prospectus of Glacier in addition to being a proxy statement of FNBR for the FNBR special shareholders meeting. As allowed by SEC rules, this proxy statement/prospectus does not contain all of the information that you can find in the Registration Statement or the exhibits to the Registration Statement.

This document incorporates important business and financial information about Glacier that is not included in or delivered with this document, including incorporating by reference documents that Glacier has previously filed with the SEC. See Documents Incorporated by Reference elsewhere in this document. You can obtain the documents that are incorporated by reference through Glacier or the SEC. You can obtain the documents from the SEC, as described above. These documents are also available from Glacier without charge, excluding exhibits unless Glacier has specifically incorporated such exhibits by reference in this proxy statement/prospectus. Certain reports can also be found on Glacier's website at [www.glacierbancorp.com](http://www.glacierbancorp.com).

You can obtain documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from Glacier at the following address:

Glacier Bancorp, Inc.

49 Commons Loop

Kalispell, Montana 59901

ATTN: LeeAnn Wardinsky, Corporate Secretary

Telephone: (406) 751-4703

You will not be charged for the documents that you request. **If you would like to request documents, please do so by \_\_\_\_\_, 2014 in order to receive them before the FNBR special shareholders meeting.**

Glacier's common stock is traded on the NASDAQ Global Select Market under the symbol GBCI.

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**QUESTIONS AND ANSWERS**

**Why am I receiving these materials?**

We are sending you these materials to help you decide how to vote your shares of FNBR Holding Corporation ( FNBR ) with respect to the proposed merger with Glacier Bancorp, Inc. ( Glacier ). The merger cannot be completed unless FNBR receives the affirmative vote of the holders of at least a majority of the shares of FNBR s outstanding common stock. FNBR is holding a special meeting of shareholders to vote on the proposals necessary to complete the merger. Information about the special meeting is contained in this document.

This document is both a proxy statement of FNBR and a prospectus of Glacier. It is a proxy statement because the board of directors of FNBR is soliciting proxies from FNBR shareholders. It is a prospectus because Glacier will issue its shares of common stock in exchange for shares of FNBR common stock in the merger.

**What will FNBR shareholders receive in the merger?**

Under the terms of the Plan and Agreement of Merger, Glacier will issue shares of its common stock and pay cash in exchange for all outstanding shares of FNBR common stock. Subject to the adjustments described below, Glacier will issue a total of 555,733 shares of common stock, and will pay \$16,344,100 in cash, for all of the shares of FNBR.

The cash portion of the amount to be paid by Glacier will be subject to adjustment depending on the FNBR Closing Capital of FNBR immediately prior to the closing of the merger. If the FNBR Closing Capital is less than \$32,688,200, Glacier will reduce the cash consideration by the amount of such deficiency. If the FNBR Closing Capital is greater than \$32,688,200, FNBR may, in its sole discretion, make a special dividend to its shareholders in the amount of such excess.

The portion of the merger consideration consisting of Glacier common stock is initially set at 555,733 shares, although the number of shares may be adjusted in certain circumstances based on whether Glacier common stock is trading either higher or lower than specified prices immediately prior to the closing of the merger, in order to avoid the termination of the merger agreement.

On May 28, 2014, the closing price of Glacier s common stock was \$26.34 per share. If the average closing price (determined over a 20 trading day period prior to closing) of Glacier s stock exceeds \$33.82, the number of Glacier shares issued in the merger can be reduced, unless FNBR elects to allow the merger agreement to terminate. See The Merger Termination of the Merger Agreement.

By voting to approve the merger agreement, FNBR shareholders will give the FNBR board of directors the authority to elect, with the advice of FNBR s legal counsel and its financial advisor, to cause FNBR to accept a reduction in the number of Glacier shares to be issued, if the Glacier average closing price exceeds \$33.82 as described above. See The Merger Termination of the Merger Agreement.

**What will I receive in the merger?**

The merger consideration to be received by shareholders of FNBR is a pro rata interest in a pool of merger consideration consisting of 555,733 shares and \$16,344,100 in cash, the stock and cash portions being subject to adjustment as described above. As of the date of this proxy statement/prospectus, there were 167,805 shares of FNBR stock outstanding.

As described above, assuming for purposes of illustration only that (i) there is no increase or reduction of the cash portion of the merger consideration, and (ii) the average closing price for Glacier common stock is \$26.34 (the closing price for Glacier common stock on May 28, 2014), each share of FNBR common stock would receive a total value equal to \$185.43, consisting of \$97.82 in cash and 3.326 shares of Glacier common stock.

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Generally, the cash/stock mix of merger consideration will be paid as described under "What Will I Receive in the Merger?" above that is, \$97.82 in cash and 3.326 shares of Glacier stock for each FNBR share (based on the closing price for Glacier stock on May 28, 2014).

**When will the merger occur?**

We presently expect to complete the merger during the third quarter of 2014. The merger will occur after approval of the shareholders of FNBR is obtained and after the merger has received regulatory approval and the other conditions to the merger are satisfied or waived. Glacier and FNBR are working toward completing the merger as quickly as possible. If the merger does not occur for any reason by November 30, 2014, either Glacier or FNBR may terminate the merger agreement.

**How soon after the merger is completed can I expect to receive my cash or Glacier common stock?**

Glacier will work with its exchange agent to distribute consideration payable in the merger as promptly as practicable following the completion of the merger.

**Will the shares of Glacier that I receive in the merger be freely transferable?**

The Glacier common stock issued in the merger will be transferable free of restrictions under federal and state securities laws.

**When and where will the special meeting take place?**

FNBR will hold a special meeting of its shareholders on \_\_\_\_\_, 2014, at \_\_\_\_\_ a.m. local time \_\_\_\_\_, at \_\_\_\_\_.

**Who may vote at the special meeting?**

The board of directors of FNBR has set \_\_\_\_\_, 2014, as the record date for the special meeting. If you were the owner of FNBR common stock at the close of business on \_\_\_\_\_, 2014, you may vote at the special meeting.

**What vote is required to approve the merger agreement?**

Approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of FNBR's outstanding common stock. As described in this proxy statement, the directors of FNBR and First National Bank of the Rockies and certain principal shareholders of FNBR have agreed to vote the shares they own in favor of the merger agreement. Such persons own approximately 95% of outstanding FNBR stock.

**What vote is required to approve the adjournment of the special meeting, if necessary or appropriate?**

The proposal to adjourn the FNBR special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the merger, will be approved if a majority of the shares of FNBR common stock present at the special meeting, in person or by proxy, are voted in favor of the proposal.

**How do I vote?**

To vote, please indicate on the enclosed proxy card how you want to vote and then sign, date, and mail your proxy card in the enclosed envelope **as soon as possible** so that your shares will be represented at the special meeting.



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### **Can I change my vote after I have mailed my signed proxy card?**

Yes. You may change your vote at any time before your proxy is voted at the special meeting. If your shares are held in your own name, you may change your vote as follows:

You may send a written notice stating that you would like to revoke your proxy and provide new instructions on how to vote;

You may complete and submit a later-dated proxy card; or

You may attend the meeting and vote in person. If you intend to vote in person and your shares are held by a broker, you should contact your broker for instructions.

If you choose either the first or second method above, you must submit your notice of revocation or your new proxy card to FNBR's Secretary prior to the vote.

### **What happens if I return my proxy but do not indicate how to vote my shares?**

If you sign and return your proxy card, but do not provide instructions on how to vote your shares, your shares will be voted FOR approval of the merger agreement.

### **What do I need to do now?**

We encourage you to read this proxy statement/prospectus in its entirety. Important information is presented in greater detail elsewhere in this document, and documents governing the merger are attached as appendices to this proxy statement/prospectus. In addition, much of the business and financial information about Glacier that may be important to you is incorporated by reference into this document from documents separately filed by Glacier with the Securities and Exchange Commission (SEC). This means that important disclosure obligations to you are satisfied by referring you to one or more documents separately filed with the SEC.

Following review of this proxy statement/prospectus, **please complete, sign, and date the enclosed proxy card and return it in the enclosed envelope as soon as possible** so that your shares can be voted at FNBR's special meeting of shareholders.

### **Should I send in my common stock certificates now?**

**No.** Please **do not send** your stock certificates with your proxy card. You will receive written instructions from Glacier's exchange agent after the merger is completed on how to exchange your common stock certificates for the merger consideration.

### **What risks should I consider?**

You should review carefully our discussion under Risk Factors. You should also review the factors considered by the FNBR board of directors in approving the merger agreement. See Background of and Reasons for the Merger.

**What are the tax consequences of the merger to me?**

Glacier and FNBR expect to report the merger of FNBR with and into Glacier, and the contemporaneous merger of First National Bank of the Rockies with and into Glacier Bank, as tax-free reorganizations for United States federal income tax purposes under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). In connection with the filing of the registration statement of which this document is a part, Garlinton, Lohn & Robinson, PLLP, special tax counsel to Glacier, has delivered an opinion to Glacier that the merger will qualify as a reorganization under Section 368(a).

In a tax-free reorganization, a shareholder who exchanges his or her shares of common stock in an acquired company for shares of common stock in an acquiring company, plus cash, must generally recognize gain



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(but not loss) on the exchange in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the fair market value of the shares of acquiring company common stock(including any fractional shares) and cash received pursuant to the merger (excluding any cash received in lieu of fractional shares) over the shareholder's adjusted tax basis in its shares of acquired company common stock surrendered pursuant to the merger), or (2) the amount of cash (excluding any cash received in lieu of fractional shares) received pursuant to the merger.

For a detailed discussion of the material United States federal income tax consequences of the merger, see "The Merger Material Federal Income Tax Consequences of the Merger."

We urge you to consult your tax advisor to fully understand the tax consequences of the merger to you. Tax matters are very complicated and in many cases tax consequences of the merger will depend on your particular facts and circumstances.

**What do I do if I do not agree with the merger? Do I have appraisal or dissenter's rights?**

If you are a FNBR shareholder and you do not agree with the merger, vote against the merger, and take certain other actions required by Colorado law, you will have dissenter's rights under the Colorado Business Corporation Act Sections 7-113-101 through 7-113-302. Exercise of these rights will result in the purchase of your shares at fair value, as determined in accordance with Colorado law. Please read the section entitled "The Merger Dissenter's Rights of Appraisal" for additional information.

**Who can help answer my questions?**

If you have questions about the merger, the meeting, or your proxy, or if you need additional copies of this document or a proxy card, you should contact:

Attn: Vernon K. Cochran

EVP/CFO

2452 Highway 6 & 50

Grand Junction, Co 81505

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**SUMMARY**

*This summary, together with the preceding section entitled Questions and Answers about this Document and the Merger, highlights selected information about this proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement/prospectus and any other documents to which we refer to fully understand the merger. The merger agreement is attached as Appendix A to this proxy statement/prospectus.*

**Information about Glacier and FNBR**

**Glacier Bancorp, Inc.**

49 Commons Loop

Kalispell, Montana 59901

(406) 756-4200

Glacier, headquartered in Kalispell, Montana, is a Montana corporation, initially incorporated in Delaware in 1990, and subsequently incorporated under Montana law in 2004. Glacier is a publicly-traded company and its common stock trades on the NASDAQ Global Select Market under the symbol GBCI. Glacier provides a full range of commercial banking services from 111 locations in Montana, Idaho, Wyoming, Colorado, Utah and Washington, operating through thirteen separately branded divisions of its wholly-owned bank subsidiary, Glacier Bank. Glacier offers a wide range of banking products and services, including transaction and savings deposits, real estate, commercial, agriculture and consumer loans, mortgage origination services, and retail brokerage services. Glacier serves individuals, small to medium-sized businesses, community organizations and public entities.

As of March 31, 2014, Glacier had total assets of approximately \$7.8 billion, total net loans receivable of approximately \$4.0 billion, total deposits of approximately \$5.6 billion and approximately \$985.0 million in shareholders' equity.

Financial and other information regarding Glacier, including risks associated with Glacier's business, is set forth in Glacier's annual report on Form 10-K for the year ended December 31, 2013 and quarterly report on Form 10-Q for the quarter ended March 31, 2014. Information regarding Glacier's executive officers and directors, as well as additional information, including executive compensation and certain relationships and related transactions, is set forth or incorporated by reference in Glacier's annual report on Form 10-K for the year ended December 31, 2013, and Glacier's proxy statement for its 2014 annual meeting of shareholders, and the Forms 8-K filed by Glacier that are incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information About Glacier](#).

**FNBR Holding Corporation**

Attn: Vernon K. Cochran

EVP/CFO

2452 Highway 6 & 50

Grand Junction, Co 81505

FNBR is the holding company of First National Bank of the Rockies. First National Bank of the Rockies is a national banking association headquartered in Grand Junction, Colorado. First National Bank of the Rockies offers a wide range of banking products and services, including transaction and savings deposits, commercial, consumer and real estate loans, and mortgage origination services. First National Bank of the Rockies serves individuals, small- to medium-sized businesses, community organizations and public entities.

As of March 31, 2014, FNBR and First National Bank of the Rockies, on a consolidated basis, had total assets of approximately \$343.2 million, gross loans of approximately \$131.6 million, total deposits of approximately \$304.9 million and approximately \$32.7 million in shareholders' equity.

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For additional information, see Information Concerning FNBR.

### **The Merger**

The merger agreement provides for the merger of FNBR with and into Glacier, and the merger of First National Bank of the Rockies with and into Glacier Bank. In the merger, your shares of FNBR common stock will be exchanged for a combination of shares of Glacier common stock and cash. After the merger, you will no longer own shares of FNBR.

The merger agreement is attached as **Appendix A** to this document. We encourage you to read the merger agreement in its entirety.

In the merger, Glacier will issue shares of its common stock and pay cash for all shares of FNBR common stock outstanding as of the date of the closing of the merger.

If you do not provide notice of dissent, you will receive, for each share of FNBR common stock that you own, a fixed number of shares of Glacier common stock and a fixed amount of cash, without interest.

The total merger consideration that Glacier will pay for the shares of FNBR will be as follows:

**Stock Portion:** Glacier will issue a total of 555,773 shares of its common stock, subject to adjustment in the event that the average closing price for Glacier common stock prior to closing is less than \$25.00 or more than \$33.82. Assuming that the number of currently outstanding shares of FNBR (167,085) does not change prior to the closing of the merger, and assuming that the average closing price of Glacier common stock is \$26.34 (based on the per share closing price of Glacier common stock on May 28, 2014), FNBR shareholders would receive 3.326 shares of Glacier common stock for each share of FNBR common stock. However, Glacier will not issue fractional shares, and will pay cash in lieu of such fractional shares, as described under The Merger Fractional Shares.

**Cash Portion:** Glacier will pay \$16,344,100 in cash, subject to reduction, by the amount (if any) by which the FNBR Closing Capital of FNBR, as defined in the merger agreement, is less than \$32,688,200. Generally speaking, the FNBR Closing Capital means FNBR's capital stock, surplus and retained earnings, after giving effect to specified adjustment. Assuming there is no reduction in the cash portion of the merger consideration, FNBR shareholders will receive \$97.82 in cash for each share of FNBR common stock.

The actual total amount of cash to be paid cannot be determined until shortly before the effective date of the merger. Accordingly, the actual amount of cash that you will receive for each of your FNBR shares will not be determined until shortly before the closing of the merger.

### **Recommendation of FNBR Board of Directors**

FNBR's board of directors unanimously recommends that holder of FNBR common stock vote **FOR** the proposal to approve the merger agreement.

For further discussion of FNBR's reasons for the merger and the recommendations of FNBR's board of directors, see Background of and Reasons for the Merger Recommendation of the FNBR Board.

**Opinion of FNBR's Financial Advisor**

St. Charles Capital, LLC ( St. Charles ) has served as financial advisor to FNBR in connection with the merger and has given an opinion to FNBR's board of directors that, as of April 24, 2014, the consideration that FNBR's shareholders will receive for their FNBR shares in the merger is fair, from a financial point of view, to FNBR shareholders.

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A copy of the opinion delivered by St. Charles is attached to this document as **Appendix C**. You should read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by St. Charles in providing its opinion.

The opinion is addressed to FNBR's board of directors and is directed only to the fairness of the per share consideration to the holders of FNBR's common stock from a financial point of view. It does not address the underlying business decision of FNBR to engage in the merger or any other aspect of the merger and is not a recommendation as to how any FNBR shareholder should vote with respect to the merger.

For further information, see **Background of and Reasons for the Merger** **Opinion of Financial Advisor to FNBR**.

## **Interests of FNBR Directors and Executive Officers in the Merger**

When you consider the unanimous recommendation of FNBR's board of directors that FNBR's shareholders approve the merger agreement, you should be aware that certain members of FNBR management have interests in the merger that are different from, or in addition to, their interests as FNBR shareholders. These interests arise out of, among other things, provisions in the merger agreement relating to indemnification of FNBR directors. For a description of the interests of FNBR's directors and executive officers in the merger, see **The Merger** **Interests of Certain Persons in the Merger**.

The FNBR board of directors was aware of these interests and took them into account in its decision to approve the merger agreement.

## **FNBR Shareholders Dissenters' Rights**

Under Colorado law, FNBR shareholders have the right to dissent from the merger and receive cash for the fair value of their shares of FNBR common stock. A shareholder electing to dissent must strictly comply with all the procedures required by the Colorado statutes. These procedures are described later in this document, and a copy of the relevant statutory provisions is attached as **Appendix B**. For more information on dissenters' rights, see **The Merger** **Dissenters' Rights of Appraisal**.

## **Regulatory Matters**

Each of Glacier and FNBR has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger agreement and the transactions contemplated by the merger agreement. These approvals include approval from the Federal Reserve Bank of Minneapolis, the Federal Deposit Insurance Corporation, and the Commissioner of the Montana Division of Banking and Financial Institutions. Applications have been filed with these regulatory bodies seeking such approvals. We expect to obtain all such regulatory approvals, although we cannot be certain if or when we will obtain them. See **The Merger** **Regulatory Requirements**.

## **Conditions to Completion of the Merger**

Currently, Glacier and FNBR expect to complete the merger during the third quarter of 2014. As more fully described in this proxy statement and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. Neither Glacier nor FNBR can provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived. See **The Merger** **Conditions to the Merger**.

## **Termination of the Merger Agreement**

The merger agreement provides that either Glacier or FNBR may terminate the merger either before or after the FNBR special meeting, under certain circumstances. Among other things, the merger agreement

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provides that Glacier may terminate the merger agreement if the average trading price of its stock, determined pursuant to the merger agreement, is above a specified amount, unless FNBR agrees to accept a reduced number of Glacier shares, and that FNBR may terminate the merger agreement if the average trading price of Glacier stock is below a specified amount, unless Glacier agrees to increase the number of its shares to be issued to FNBR shareholders. See [The Merger](#) [Termination of the Merger Agreement](#).

### **Termination Fees**

If either party terminates the merger agreement due to specified breaches of the merger agreement by the other party, the breaching party will be required to pay the non-breaching party a termination fee of \$300,000. See [The Merger](#) [Termination Fees](#).

### **Break-Up Fee**

The merger agreement provides that FNBR must pay Glacier a break-up fee of \$1,630,000, if the merger agreement is terminated due to the failure of FNBR to recommend approval of the merger by its shareholders, or is terminated due to the receipt of a superior acquisition proposal as defined in the merger agreement which is acted upon by FNBR. It should be noted, however, that the failure of FNBR's shareholders to approve the merger would not in and of itself trigger the obligation to pay the break-up fee, unless one of the foregoing factors also exists.

FNBR agreed to pay the break-up fee under the circumstances described above in order to induce Glacier to enter into the merger agreement. This arrangement could have the effect of discouraging other companies from trying to acquire FNBR. See [The Merger](#) [Break-up Fee](#).

### **FNBR Shareholders' Rights After the Merger**

The rights of FNBR shareholders are governed by Colorado law, as well as by FNBR's articles of incorporation and bylaws. After completion of the merger, the rights of the former FNBR shareholders receiving Glacier common stock in the merger will be governed by Montana law, and by Glacier's articles of incorporation and bylaws. Although Glacier's articles of incorporation and bylaws are similar in many ways to FNBR's articles of incorporation and bylaws, there are some substantive and procedural differences that will affect the rights of FNBR shareholders. See [Comparison of Certain Rights of Holders of Glacier and FNBR Common Stock](#).



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**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this document, including the matters addressed under the caption **Cautionary Note Regarding Forward-Looking Statements**, you should consider the matters described below carefully in determining whether to approve the merger agreement and the transactions contemplated by the merger agreement.*

**Risks Associated with the Proposed Merger**

**Because the market price of the Glacier common stock may fluctuate, you cannot be sure of the value of the shares of Glacier common stock that you will receive.**

Although the number of shares of Glacier common stock that will constitute the stock portion of the merger consideration that will be exchanged for a share of FNBR is fixed, at the time of the FNBR special shareholder meeting, and prior to the closing of the merger, you will not be able to determine the value of the Glacier common stock you would receive upon completion of the merger. Any change in the market price of Glacier common stock prior to completion of the merger will affect the value of the merger consideration that FNBR shareholders will receive upon completion of the merger. Common stock price changes may result from a variety of factors, including but not limited to general market and economic conditions, changes in Glacier's business, operations and prospects, and regulatory considerations. Many of these factors are beyond the control of Glacier or FNBR. You should obtain current market prices for Glacier common stock.

The merger agreement provides that the number of shares of Glacier common stock to be issued in the merger may be decreased or increased, as the case may be, if the average trading price of Glacier common stock, determined pursuant to the merger agreement, is greater than or less than specified amounts. The FNBR board of directors would make the decision, without resoliciting the vote of FNBR shareholders, to either terminate the merger agreement or accept a decrease in the number of Glacier shares to be issued if Glacier's average trading price is greater than a specified amount. See **The Merger** **Termination of the Merger Agreement**.

**The merger agreement limits FNBR's ability to pursue other transactions and provides for the payment of a break-up fee if FNBR does so.**

While the merger agreement is in effect and subject to very narrow exceptions, FNBR and its directors, officers and agents are prohibited from initiating or encouraging inquiries with respect to alternative acquisition proposals. The prohibition limits FNBR's ability to seek offers that may be superior from a financial point of view from other possible acquirers. If FNBR receives an unsolicited proposal from a third party that is superior from a financial point of view to that made by Glacier and the merger agreement is terminated, FNBR may be required to pay a \$1,630,000 break-up fee. This fee makes it less likely that a third party will make an alternative acquisition proposal.

**Under certain conditions, the merger agreement requires FNBR to pay a termination fee.**

Under certain circumstances (generally involving FNBR's breach of its representations and covenants in the merger agreement), Glacier can terminate the merger agreement and require FNBR to pay a termination fee of \$300,000.

**Combining our two companies may be more difficult, costly or time-consuming than we expect.**

Glacier and FNBR have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration of First National Bank of the Rockies into Glacier Bank could result in the loss of key

employees, the disruption of the ongoing business of First National Bank of the Rockies or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger. As with any merger of banking institutions, there also may be disruptions that cause us to lose customers or cause customers to take their deposits out of First National Bank of the Rockies.

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**Unanticipated costs relating to the merger could reduce Glacier's future earnings per share.**

Glacier believes that it has reasonably estimated the likely costs of integrating the operations of First National Bank of the Rockies into Glacier Bank, and the incremental costs of operating as a combined financial institution. However, it is possible that unexpected transaction costs or future operating expenses, as well as other types of unanticipated adverse developments, could have a material adverse effect on the results of operations and financial condition of Glacier after the merger. If the merger is completed and unexpected costs are incurred, the merger could have a dilutive effect on Glacier's earnings per share, meaning earnings per share could be less than if the merger had not been completed.

**Glacier has various anti-takeover measures that could impede a takeover.**

Glacier has various anti-takeover measures in place, which are described elsewhere in this document. Any one or more of these measures may impede the takeover of Glacier without the approval of the Glacier board of directors and may prevent you from taking part in a transaction in which you could realize a premium over the current market price of Glacier common stock. See [Comparison of Certain Rights of Holders of Glacier and FNBR Common Stock](#).

**Risks Associated with Glacier's Business**

Glacier is, and will continue to be, subject to the risks described in Glacier's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as updated by the Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and subsequent Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See [Documents Incorporated by Reference](#) and [Where You Can Find More Information About Glacier](#) included elsewhere in this proxy statement/prospectus.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, (i) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (ii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (iii) other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Glacier's and FNBR's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations in the forward-looking statements:

the merger may not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received on a timely basis or at all;

Glacier's stock price could change before closing of the merger, due to among other things stock market movements and the performance of financial companies and peer group companies, over which Glacier has no control;

benefits from the merger may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree competition in the geographic and business areas in which Glacier and FNBR operate;

FNBR's business may not be integrated into Glacier's successfully, or such integration may take longer to accomplish than expected;

the anticipated growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;

operating costs, customer losses and business disruption following the merger, including adverse developments in relationships with employees, may be greater than expected; and

management time and effort may be diverted to the resolution of merger-related issues.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in Glacier's reports filed with the SEC.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to Glacier or FNBR or any person acting on behalf of Glacier or FNBR are expressly qualified in their entirety by the cautionary statements above. Neither Glacier nor FNBR undertakes any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION OF GLACIER**

The following table presents selected consolidated financial information of Glacier for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009. The consolidated financial information of and for the three months ended March 31, 2014 and 2013 are derived from unaudited condensed consolidated financial statements, has been prepared on the same basis as the historical information derived from audited consolidated financial statements and, in the opinion of Glacier's management, reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data at or for those dates. The results of operation for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2014. The consolidated financial data below should be read in conjunction with the consolidated financial statements and notes thereto, incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information About Glacier](#).

	<b>Three Months Ended March 31, 2014</b>	<b>Three Months Ended March 31, 2013</b>	<b>At or for the Fiscal Years Ended December 31</b>				
			<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<i>Dollars in thousands, except per share data</i>						
<b>Summary of Operations:</b>							
Interest income	\$ 74,087	\$ 57,955	\$ 263,576	\$ 253,757	\$ 280,109	\$ 288,402	\$ 302,494
Interest expense	6,640	7,458	28,758	35,714	44,494	53,634	57,167
Net interest income	67,447	50,497	234,818	218,043	235,615	234,768	245,327
Provision for loan losses	1,122	2,100	6,887	21,525	64,500	84,693	124,618
Net interest income after provision for loan losses	66,325	48,397	227,931	196,518	171,115	150,075	120,709
Noninterest income	19,388	22,950	93,047	91,496	78,199	87,546	86,474
Noninterest expenses <sup>(1)</sup>	50,070	43,434	195,317	193,421	191,965	187,948	168,818
Pre-tax net income <sup>(1)</sup>	35,643	27,913	125,661	94,593	57,349	49,673	38,365
Taxes <sup>(1)</sup>	8,913	7,145	30,017	19,077	7,265	7,343	3,991
Net income <sup>(1)</sup>	26,730	\$ 20,768	\$ 95,644	\$ 75,516	\$ 50,084	\$ 42,330	\$ 34,374
Basic earnings per share <sup>(1)</sup>	\$ 0.36	\$ 0.29	\$ 1.31	\$ 1.05	\$ 0.70	\$ 0.61	\$ 0.56

Diluted earnings per share <sup>(1)</sup>	\$ 0.36	\$ 0.29	\$ 1.31	\$ 1.05	\$ 0.70	\$ 0.61	\$ 0.56
Cash dividends per share	\$ 0.16	\$ 0.14	\$ 0.60	\$ 0.53	\$ 0.52	\$ 0.52	\$ 0.52
<b>Statement of Financial Conditions:</b>							
Total assets	\$ 7,830,723	\$ 7,609,237	\$ 7,884,350	\$ 7,747,440	\$ 7,187,906	\$ 6,759,287	\$ 6,191,795
Net loans receivable	3,957,900	3,273,010	3,932,487	3,266,571	3,328,619	3,612,182	3,920,988
Total deposits	5,624,465	5,373,215	5,579,967	5,364,461	4,821,213	4,521,902	4,100,152
Total borrowings	1,147,732	1,250,239	1,287,525	1,421,971	1,462,959	1,359,681	1,366,606
Shareholders equity	984,960	914,280	963,250	900,949	850,227	838,204	685,890
Book value per share	\$ 13.23	\$ 12.70	\$ 12.95	\$ 12.52	\$ 11.82	\$ 11.66	\$ 11.13
<b>Key Operating Ratios:</b>							
Return on average assets <sup>(1)</sup>	1.39%	1.11%	1.23%	1.01%	0.72%	0.67%	0.60%
Return on average equity <sup>(1)</sup>	11.04%	9.20%	10.22%	8.54%	5.78%	5.18%	4.97%
Average equity to average assets	12.56%	12.07%	11.99%	11.84%	12.39%	12.69%	12.16%
Net interest margin (tax equivalent)	4.02%	3.14%	3.48%	3.37%	3.89%	4.21%	4.82%
Non-performing over subsidiary assets	1.37%	1.79%	1.39%	1.87%	2.92%	3.91%	4.13%
Dividend payout ratio <sup>(1)</sup>	44.44%	48.28%	45.80%	50.48%	74.29%	85.25%	92.86%

(1) Excludes 2011 goodwill impairment charge of \$32.6 million (\$40.2 million pre-tax). For additional information on the goodwill impairment charge see Non-GAAP Financial Matters below.

**Table of Contents****Non-GAAP Financial Measures**

In addition to the results presented in accordance with accounting principles generally accepted in the United States of America ( GAAP ), the table above contains certain non-GAAP financial measures. Glacier believes that providing these non-GAAP financial measures provides investors with information useful in understanding Glacier 's financial performance, performance trends, and financial position. While Glacier uses these non-GAAP measures in its analysis of Glacier 's performance, this information should not be considered an alternative to measurements required by GAAP.

(Dollars in thousands, except per share data)	Year ended December 31, 2011		
	GAAP	Goodwill Impairment Charge, Net of Tax	Non-GAAP
Non-interest expense	\$ 232,124	(40,159)	191,965
Income before income taxes	\$ 17,190	40,159	57,349
Income tax expense	\$ (281)	7,546	7,265
Net income	\$ 17,471	32,613	50,084
Basic earnings per share	\$ 0.24	0.46	0.70
Diluted earnings per share	\$ 0.24	0.46	0.70
Return on average assets	0.25%	0.47%	0.72%
Return on average equity	2.04%	3.74%	5.78%
Dividend payout ratio	216.67%	(142.38)%	74.29%

The reconciling item between the GAAP and non-GAAP financial measures was the third quarter of 2011 goodwill impairment charge (net of tax) of \$32.6 million.

The goodwill impairment charge was \$40.2 million with a tax benefit of \$7.6 million which resulted in a goodwill impairment charge (net of tax) of \$32.6 million. The tax benefit applied only to the \$19.4 million of goodwill associated with taxable acquisitions and was determined based on Glacier 's marginal income tax rate of 38.9%.



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The basic and diluted earnings per share reconciling items were determined based on the goodwill impairment charge (net of tax) divided by the weighted average diluted shares of 71,915,073.

The goodwill impairment charge (net of tax) was included in determining earnings for both the GAAP return on average assets and GAAP return on average equity. The average assets used in the GAAP and non-GAAP return on average assets ratios were \$6.9 billion and \$6.9 billion, respectively, for the year ended December 31, 2011. The average equity used in the GAAP and non-GAAP return on average equity ratios were \$858 million and \$866 million, respectively, for the year ended December 31, 2011.

The dividend payout ratio is calculated by dividing dividends declared per share by basic earnings per share. The non-GAAP dividend payout ratio uses the non-GAAP basic earnings per share for calculating the ratio.

**Table of Contents****COMPARATIVE STOCK PRICE AND DIVIDEND INFORMATION****Glacier Common Stock**

Glacier common stock is quoted on The NASDAQ Global Select Market under the symbol GBCI. The following table sets forth for the periods indicated:

the high and low sale prices for Glacier common stock as reported on The NASDAQ Global Select Market, and

dividends per share on Glacier common stock.

	<b>High</b>	<b>Low</b>	<b>Cash Dividends Declared</b>
<b>2011</b>			
First quarter	\$ 15.94	\$ 14.09	\$ 0.13
Second quarter	\$ 15.29	\$ 12.97	\$ 0.13
Third quarter	\$ 13.75	\$ 9.23	\$ 0.13
Fourth quarter	\$ 12.51	\$ 9.09	\$ 0.13
<b>2012</b>			
First quarter	\$ 15.50	\$ 12.43	\$ 0.13
Second quarter	\$ 15.46	\$ 13.66	\$ 0.13
Third quarter	\$ 16.17	\$ 14.93	\$ 0.13
Fourth quarter	\$ 15.53	\$ 13.43	\$ 0.14
<b>2013</b>			
First quarter	\$ 18.98	\$ 15.19	\$ 0.14
Second quarter	\$ 22.43	\$ 17.44	\$ 0.15
Third quarter	\$ 25.05	\$ 22.59	\$ 0.15
Fourth quarter	\$ 30.87	\$ 24.23	\$ 0.16
<b>2014</b>			
First quarter	\$ 30.79	\$ 25.05	\$ 0.16
Second quarter (through May 28)	\$ 29.68	\$ 24.44	\$ 0.00

At , 2014, outstanding shares of Glacier common stock were held by approximately holders of record.

**FNBR Common Stock**

Presently, no active trading market exists for the FNBR common stock and other than trades between current FNBR shareholders, there have been no private sales of FNBR common stock in the last 10 years. If FNBR was to remain independent, management of FNBR does not expect that a market for FNBR common stock would develop. No registered broker/dealer makes a market in FNBR common stock, and FNBR common stock is not listed or quoted on any stock exchange or automated quotation system. FNBR acts as its own transfer agent and registrar.

Occasionally, management of FNBR becomes aware of trades of private sales of its common stock and the prices at which these trades were executed. In the 2012-2013 timeframe there were a limited number of stock transactions, primarily comprised of either inter-family transfers for no consideration, issuances to employees at pre-established plan prices, or buy backs by FNBR at set price determined annually by FNBR.

At \_\_\_\_\_, 2014, the \_\_\_\_\_ outstanding shares of FNBR common stock were held by approximately \_\_\_\_\_ holders of record.

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**FNBR HOLDING CORPORATION SPECIAL SHAREHOLDERS MEETING**

**Date, Time, Place**

The FNBR special meeting of shareholders will be held on \_\_\_\_\_, 2014, at \_\_\_\_\_ a.m. local time, at \_\_\_\_\_.

As described below under **Vote Required and Quorum**, approval of the merger agreement requires the affirmative vote of at least a majority of the shares of FNBR's outstanding common stock. The proposal to adjourn the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies, requires the approval of a majority of FNBR common stock present at the special meeting, in person or by proxy.

**Purpose**

At the special meeting, FNBR shareholders will:

consider and vote on a proposal to approve the merger, and

if necessary, consider and act upon a proposal to adjourn the special meeting to allow additional time to solicit proxies.

**Record Date; Shares Outstanding and Entitled to Vote**

The FNBR board of directors has fixed \_\_\_\_\_ p.m. local time on \_\_\_\_\_, 2014 as the record date for determining the holders of shares of FNBR common stock entitled to notice of and to vote at the special meeting. At the close of business on the record date, there were \_\_\_\_\_ shares of common stock issued and outstanding and held by approximately \_\_\_\_\_ holders of record. Holders of record of FNBR common stock on the record date are entitled to one vote per share and are also entitled to exercise dissenters' rights if certain procedures are followed. See **The Merger Dissenters' Rights of Appraisal** and **Appendix B**.

The directors of FNBR and First National Bank of the Rockies and certain principal shareholders of FNBR have agreed to vote all shares held or controlled by them in favor of approval of the merger. A total of 157,965 outstanding shares, or approximately 95% of the outstanding shares of FNBR common stock, are covered by the voting agreement. See **The Merger Interests of Certain Persons in the Merger Voting Agreement**.

**Vote Required and Quorum**

The affirmative vote of the holders of at least a majority of the shares of FNBR's outstanding common stock is required to approve the merger. At least a majority of the total outstanding shares of FNBR common stock must be present, either in person or by proxy, in order to constitute a quorum for the meeting. For purposes of determining a quorum, abstentions and broker nonvotes (that is, proxies from brokers or nominees, indicating that such person has not received instructions from the beneficial owners or other persons entitled to vote shares as to a matter with respect to which the broker or nominees do not have discretionary power to vote) are counted in determining the shares present at a meeting.

For voting purposes, however, only shares actually voted **for** the approval of the merger agreement, and neither abstentions nor broker nonvotes, will be counted as favorable votes in determining whether the merger agreement is

approved by the holders of FNBR common stock. As a result, abstentions and broker nonvotes will have the same effect as votes against approval of the merger agreement.

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The proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the merger, will be approved by a majority of the votes present, in person or by proxy, at the special meeting, assuming a quorum is present at the special meeting. If less than a quorum is represented at the special meeting, a majority of the shares so represented may adjourn the special meeting for a period not to exceed 60 days at any one adjournment.

## **Voting, Solicitation, and Revocation of Proxies**

If the enclosed proxy card is duly executed and received in time for the special meeting, it will be voted in accordance with the instructions given. If the proxy card is duly executed and received but no instruction is given, it is the intention of the persons named in the proxy to vote the shares represented by the proxy for the approval of the merger and in the proxy holder's discretion on any other matter properly coming before the meeting. Any proxy given by a shareholder may be revoked before its exercise by:

written notice to the Secretary of FNBR;

a later-dated proxy; or

appearing and voting at the special meeting in person.

FNBR is soliciting the proxy for the special meeting on behalf of the FNBR board of directors. FNBR will bear the cost of solicitation of proxies from its shareholders. In addition to using the mail, FNBR may solicit proxies by personal interview, telephone, and facsimile. Banks, brokerage houses, other institutions, nominees, and fiduciaries will be requested to forward their proxy soliciting material to their principals and obtain authorization for the execution of proxies. FNBR does not expect to pay any compensation for the solicitation of proxies. However, FNBR will, upon request, pay the standard charges and expenses of banks, brokerage houses, other institutions, nominees, and fiduciaries for forwarding proxy materials to and obtaining proxies from their principals.

## **Voting in Person at the Special Meeting**

***Shareholders of Record.*** Shares held directly in your name as the shareholder of record may be voted in person at the special meeting. If you choose to vote your shares in person, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the special 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 special 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.

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**BACKGROUND OF AND REASONS FOR THE MERGER**

**Background of the Merger**

During 2013, the directors of FNBR discussed and considered strategic alternatives to enhance shareholder value and achieve future shareholder liquidity. They identified Glacier, among other entities, as an attractive future merger partner in view of Glacier's successful track record with other acquisitions, its emphasis on locally managed community banking, and its strong financial performance. On October 9, 2013, FNBR engaged St. Charles Capital, LLC ( St. Charles ) to provide advisory services to FNBR in its discussions with Glacier and to consider and possibly pursue other alternatives.

After being engaged, St. Charles contacted Glacier's investment banking advisor, D.A. Davidson & Co. ( Davidson ) to provide information required to enable Glacier to submit an indication of interest. On October 31, 2013, FNBR signed a non-disclosure agreement with Glacier for the confidential exchange of nonpublic information in connection with a possible transaction. Thereafter, Davidson delivered a due diligence request list identifying the financial and operational information that Glacier would require in order to submit a preliminary proposal.

From November 1 to November 22, 2013, FNBR provided Glacier with supplemental information regarding its business, markets, operations, and financial results, condition and prospects. On November 20, 2013 Peter Waller, President and CEO of FNBR and Kevin Cochran, Chief Financial Officer of FNBR, met in Kalispell, Montana with Michael Blodnick, CEO of Glacier, to become acquainted and to discuss each organization's approach to community banking and to share financial and operational information.

On November 22, 2013 Glacier presented an indication of interest proposal with the total transaction value of approximately \$29.7 million based on FNBR's financial condition as of September 30. The directors of FNBR met on November 25, 2013 to review the proposal and determined to contact other additional parties. During December of 2013, St. Charles contacted eight other parties regarding a potential merger with FNBR. As a result of its marketing process, FNBR received one proposal which the board of directors deemed as an inferior offer to Glacier's. On January 7, St. Charles contacted Davidson to re-engage in conversations regarding Glacier's proposal.

On January 15, following consultation between Mr. Blodnick and Glacier board members, Glacier delivered a nonbinding Term Sheet setting forth the proposed terms of the merger, including total consideration of \$31.1 million based on the estimated consolidated tangible equity of FNBR as of December 31. The parties and their legal and financial advisors further negotiated the wording of several aspects of the Term Sheet, and on January 17 Mr. Blodnick and Mr. Waller signed the Term Sheet.

Between January and April of 2014, Glacier, FNBR, First National Bank of the Rockies (the Bank ), and their respective financial and legal advisors conducted appropriate due diligence and drafted and negotiated the merger agreement and related ancillary agreements. Glacier's due diligence review included an extensive loan due diligence review conducted by DLS Consulting and supported by Glacier's Chief Credit Officer. Following receipt of FNBR's March 31, 2014 financial statements, the parties updated the merger consideration as set forth in the merger agreement to reflect the consolidated tangible equity of FNBR as of March 31.

On April 24, the board of directors of FNBR, together with its legal counsel and St. Charles, met to consider approval of the merger agreement. St. Charles presented its analysis and opinion as to the fairness of the merger, from a financial point of view. Among other matters considered, the FNBR board





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of directors reviewed the specific terms of the merger agreement, the form and value of the consideration to be received by shareholders, the price and historical performance of Glacier stock, and the current market conditions, and the implications of the merger to the Bank's employees, customers, and communities. After due consideration of these and other matters, and taking into consideration the fairness opinion delivered by St. Charles, FNBR Board of Directors unanimously approved entering into the merger agreement.

On May 7, the Board of Directors of Glacier, together with its legal counsel and Davidson, met to consider approval of the merger agreement. Davidson presented updated pro forma financial analyses and Glacier's counsel presented a review of the key terms of the merger documents. Among other matters discussed, the board and Glacier's advisors discussed the results of due diligence reviews, the terms of the merger agreement and ancillary documents, key pricing metrics, the pro forma financial impact of the merger to Glacier's shareholders, risks of the merger, and the timing and process for consummation of the merger, including the results of preliminary discussions with bank regulators. After due consideration of these and other matters, the Glacier Board of Directors unanimously approved entering into the merger agreement.

On May 8, the parties executed the merger agreement and related documents. After the close of business on May 8, the parties issued a joint press release announcing the merger.

## **Reasons For The Merger FNBR**

At the board meeting held on April 24, 2014, the FNBR board of directors unanimously determined that the terms of the merger agreement were in the best interests of FNBR and its shareholders. In the course of reaching its decision to approve the merger agreement, the FNBR board of directors consulted with St. Charles Capital, its financial advisor, and Swift & Bramer, LLC, its legal counsel. In reaching its determination, the FNBR board of directors considered a number of factors. Such factors also constituted the reasons that the board of directors determined to approve the merger and to recommend that FNBR shareholders vote in favor of the merger. Such reasons included the following:

the terms of the merger agreement and the value, form and mix of consideration to be received by FNBR shareholders in the merger;

the historical trading ranges for Glacier common stock;

the historic and prospective business of FNBR;

the likely impact of the merger on the employees and customers of the Bank;

the future employment opportunities for the existing employees of the Bank;

information concerning Glacier's financial condition and results of operations as well as the likelihood that Glacier would be able to obtain regulatory approval for the merger;

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the proposed acquisition by with Glacier;

the opinion of St. Charles Capital that the merger consideration to be received by FNBR shareholders in the merger is fair from a financial point of view;

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the expectation that FNBR shareholders would have the opportunity to continue to participate in the growth of the combined company and would also greatly benefit from the significantly greater liquidity of the trading market for Glacier common stock;

that Glacier has historically paid cash dividends on its common stock;

the fact that Glacier's common stock is widely held and has an active trading market; whereas, FNBR's stock is illiquid and is not publicly traded;

the effects of the economic, regulatory and market pressures facing FNBR and community banks generally and the Bank's prospects as an independent bank;

the determination that a business combination with Glacier would extend FNBR's lending capabilities and increase the range of financial products and services available to the Bank;

the provisions in the merger agreement that provide for the ability of the FNBR board of directors to respond to an unsolicited acquisition proposal that the board of directors determines in good faith is a superior proposal as defined in the merger agreement;

the provisions of the merger agreement that provide for the ability of the FNBR board of directors to terminate the merger agreement, subject to certain conditions including the payment of a break-up fee, if FNBR has entered into a letter of intent or other agreement with respect to a superior proposal;

the broad experience of Glacier's management team and its particular experience in managing and supporting subsidiary banks that have an emphasis on local decision making and authority;

the likelihood of the merger being approved by applicable regulatory authorities without undue conditions or delay;

FNBR's board of director's understanding of the business, operations, financial conditions, earnings, management and future prospects of Glacier, and

the current and prospective economic and competitive environment facing the financial services industry generally, including continued consolidation in the industry and the increased importance of operational scale and financial resources in maintaining efficiency and remaining competitive over the long-term.

The FNBR board of directors also considered a number of uncertainties and risks in its deliberations concerning the transactions contemplated by the merger agreement, including the following:

that a portion of the merger consideration will be paid through the issuance of a fixed number of shares of Glacier common stock and any decrease in the market price of Glacier common stock will result in a reduction in the aggregate merger consideration to be received by FNBR shareholders at the time of completion of the merger subject to the adjustment procedures described under The Merger Termination of the Merger Agreement ;

that FNBR shareholders will not necessarily know or be able to calculate the actual value of the merger consideration which they would receive upon completion of the merger;

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that the break-up fee provisions in the merger agreement could have the effect of discouraging superior proposals for a business combination between FNBR and third parties;

the possible disruption to FNBR's business that may result from the announcement of the merger and the resulting distraction of management's attention from the day-to-day operations of FNBR's business; and

the restrictions contained in the merger agreement on the operation of FNBR's business during the period between signing of the merger agreement and completion of the merger, as well as the other covenants and agreements of FNBR contained in the merger agreement.

The foregoing discussion of the reasons that led the FNBR board of directors to approve the merger and recommend that FNBR's shareholders vote in favor of the merger is not intended to be exhaustive, but is believed to include all of the material reasons for the board of directors' decision. In reaching its determination to approve and recommend the transaction, the FNBR board based its recommendation on the totality of the information presented to it and did not assign any relative or specific weights to the reasons considered in reaching that determination. Individual directors may have given differing weights to different reasons. After deliberating with respect to the merger with Glacier, considering, among other things, the matters discussed above and the opinion of St. Charles Capital referred to above, the FNBR board of directors unanimously approved and adopted the merger agreement and the merger with Glacier as being in the best interests of FNBR and its shareholders.

## **Opinion of Financial Advisor to FNBR**

*The fairness opinion delivered to FNBR by St. Charles is described below. The description contains projections, estimates and/or other forward-looking statements of St. Charles about the future earnings or other measures of the future performance of FNBR. You should not rely on any of these statements as having been made or adopted by FNBR or Glacier Bancorp, Inc.*

*General.* FNBR engaged St. Charles on October 9, 2013 to provide investment banking services to the board of directors of FNBR including the rendering of an opinion as to the fairness, from a financial point of view, of the merger consideration to be received by the stockholders of FNBR common stock in connection with the proposed merger with Glacier as set forth in the merger agreement. St. Charles, as part of its investment banking business, is customarily engaged in the valuation of businesses and their securities in connection with sales and acquisitions, private placements and valuations for estate, corporate and other purposes.

On April 24, 2014, St. Charles delivered its written opinion that the merger consideration, before various potential adjustments, was fair to the FNBR shareholders, from a financial point of view, as of the date of such opinion.

**The full text of St. Charles' written opinion to FNBR's board of directors, which sets forth the assumptions made, matters considered, and extent of review by St. Charles, is attached as Appendix C, and is incorporated herein by reference. It should be read carefully and in its entirety in conjunction with this proxy statement. The following summary of St. Charles' opinion is qualified in its entirety by reference to the full text of the opinion. St. Charles' opinion is addressed to FNBR's board of directors and does not constitute a recommendation to any shareholder of FNBR as to how such shareholder should vote at the special meeting described in this proxy statement.**



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In connection with rendering this opinion, we have reviewed and analyzed, among other things, the following:

- (i) The draft Agreement dated as of April 22, 2014, including the exhibits and schedules thereto;
- (ii) certain financial statements and other financial information of FNBR, including the Audited Financial Statements for FNBR and the Bank for the each of the years in the two year period ended December 31, 2012, Regulatory Financial Statements of the Bank for each of the years in the three year period ended December 31, 2013, and internal financial statements for FNBR and the Bank for the Quarter ended March 31, 2014 and March 31, 2013;
- (iii) certain other internal information, primarily financial in nature, including projections concerning the business and operations of FNBR and the Bank furnished to us by FNBR for purposes of our analysis;
- (iv) the process leading to the receipt of offers and the responses of certain potential acquirers concerning the potential acquisition of FNBR;
- (v) certain publicly available information with respect to certain other companies that we believe to be comparable to FNBR, and the trading markets for such other companies' securities;
- (vi) certain publicly available information concerning the nature and terms of certain other transactions that we considered relevant to our inquiry;
- (vii) certain publicly available information concerning Glacier;
- (viii) the economic, banking and competitive climate for banking institutions in Colorado;
- (ix) the business and prospects of FNBR through meetings and discussions with certain officers and employees of FNBR; and
- (x) other matters we believe relevant to our inquiry.

The written opinion provided by St. Charles to FNBR was necessarily based upon economic, monetary, financial market and other relevant conditions as of the dates thereof. In connection with its review and arriving at its opinion, St. Charles relied upon the accuracy and completeness of the financial information and other pertinent information provided by FNBR and Glacier to St. Charles for purposes of rendering its opinion. St. Charles did not assume any obligation to verify independently any of the provided information as being complete and accurate in all material respects. With regard to the various financial forecasts developed by the Company, St. Charles assumed that these materials had been reasonably prepared on bases reflecting the best available estimates and judgments of management

as to the future performance of FNBR and that the projections provided a reasonable basis upon which St. Charles could formulate its opinion. The projections were based upon numerous variables and assumptions that are inherently uncertain, including, among others, factors relative to the general economic and competitive conditions facing FNBR. Accordingly, actual results could vary significantly from those set forth in the respective projections.

St. Charles does not claim to be an expert in the evaluation of loan portfolios or the allowance for loan losses with respect thereto and therefore assumes that such allowances for FNBR are adequate to cover such losses. In addition, St. Charles does not assume responsibility for the review of individual credit files and did not make an independent evaluation, appraisal or physical inspection of the assets or individual properties of FNBR, nor was St. Charles provided with such appraisals. Furthermore, St. Charles assumes that the merger will be consummated in accordance with the terms set forth in the merger agreement, without any waiver of any material terms or conditions by FNBR, and that obtaining the necessary regulatory approvals for the merger will not have an adverse effect on either separate institution or the combined entity. St. Charles assumes that the merger will be recorded as a purchase in accordance with generally accepted accounting principles.



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In connection with rendering its April 24, 2014 opinion to board of directors of FNBR, St. Charles performed a variety of financial and comparative analyses, which are briefly summarized below. Such summary of analyses does not purport to be a complete description of the analyses performed by St. Charles. Moreover, St. Charles believes that these analyses must be considered as a whole and that selecting portions of such analyses and the factors considered by it, without considering all such analyses and factors, could create an incomplete understanding of the scope of the process underlying the analyses and, more important, the opinion derived from them. The preparation of a financial advisor's opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analyses or a summary description of such analyses. In its full analysis, St. Charles also included assumptions with respect to general economic, financial market and other financial conditions. Furthermore, St. Charles drew from its past experience in similar transactions, as well as its experience in the valuation of securities and its general knowledge of the banking industry as a whole. Any estimates in St. Charles' analyses were not necessarily indicative of actual future results or values, which may diverge significantly more or less favorably from such estimates. Estimates of company valuations do not purport to be appraisals or to reflect necessarily the prices at which companies or their respective securities actually may be sold. None of the analyses performed by St. Charles were assigned a greater significance by St. Charles than any other in deriving its opinion.

*Estimated Merger Consideration.* Subject to potential adjustments as outlined in the merger agreement, Glacier will issue 555,733 shares of its common stock and pay \$16,344,100 million in cash in exchange for all outstanding shares of FNBR's common stock. Each holder of FNBR common stock will receive approximately \$97.82 in cash and approximately 3.326 shares of Glacier common stock.

Assuming a \$29.41 average closing price for Glacier, each holder of FNBR's common stock will receive total merger consideration of approximately \$195.64 per FNBR common stock, excluding potential transaction adjustments including changes to equity value, representing 100.0% of FNBR's equity value as of March 31, 2014.

If the 20 day average closing price for Glacier is less than \$25.00 or more than \$33.82 per share, the total merger consideration will potentially be adjusted as outlined in the merger agreement and summarized below:

If 20 day average closing price is above \$33.82, then the stock portion of the merger consideration would be fixed at \$18,794,890 million resulting in total merger consideration of approximately \$210.31 per FNBR common stock.

If 20 day average closing price is below \$23.53, then the stock portion of the merger consideration would be fixed at \$13,076,397 million resulting in total merger consideration of \$176.08 per FNBR common stock.

If 20 day average closing price is between \$23.53 and \$25.00, then additional shares may be issued relative to a predetermined bank index.

*Comparable transaction analysis - National.* St. Charles reviewed and compared actual information for a group of 11 guideline comparable merger transactions, announced since January 1, 2011, deemed pertinent to an analysis of the merger. The transactions in this guideline comparable group were chosen based on the following parameters:

bank acquisitions with the target's asset size between \$100 million and \$600 million;



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bank acquisitions with the target's after-tax return on average assets ( ROAA ) between 0.0% and 0.5%;

bank acquisitions with the target's non-performing assets to total assets ratio below 4.0%;

bank acquisitions with the target's equity to assets ratio greater than 7.0%; and

bank acquisitions with targets located outside top 50 metropolitan statistical areas ( MSAs ).

The following table represents a summary analysis for the national comparable merger transaction group and FNBR based on publicly announced transaction data:

	FNBR Merger Consideration			National M&A Median	National M&A Mean
	\$23.53 Glacier Price <sup>(1)</sup>	\$29.41 Glacier Price <sup>(1)</sup>	\$33.82 Glacier Price <sup>(1)</sup>		
Total Assets (\$000)		\$ 343,229		\$ 163,862	\$ 187,796
Equity/ Assets		9.5%		10.1%	10.9%
Tangible Equity/ Assets		9.5%		10.1%	10.9%
Non-performing Assets/ Assets		2.3%		1.9%	1.9%
Return on Average Assets		0.2% <sup>(2)</sup>		0.3%	0.2%
Price/ Earnings	37.9x <sup>(2)</sup>	42.1x <sup>(2)</sup>	45.3x <sup>(2)</sup>	33.0x	37.5x
Price/ Book Value	90.0%	100.0%	107.5%	89.8%	101.5%
Price/ Tangible Book Value	90.0%	100.0%	107.5%	90.0%	102.1%
Premium/ Deposits	(1.1)%	0.0%	0.8%	(1.6)%	0.3%

(1) FNBR's financials statistics and multiples are for the twelve months ended March 31, 2014. Multiples do not include potential increase in book value from earnings to close and other potential transaction adjustments.

(2) FNBR's earnings adjusted for reverse provision expense, income tax benefit, gains and losses on OREO and securities, and extraordinary OREO and legal expense.

St. Charles' analysis of these national comparable merger transactions implied a reference valuation range for FNBR of between \$174.26 and \$201.78 per share.

*Comparable transaction analysis Regional.* St. Charles reviewed and compared actual information for a group of six guideline comparable regional merger transactions, announced since January 1, 2011, deemed pertinent to an analysis of the merger. The transactions in this guideline comparable group were chosen based on the following parameters:

bank acquisitions with the target's asset size between \$50 million and \$1 billion;

bank acquisitions with the target's after-tax ROAA between 0.0% and 0.5%;

bank acquisitions with the target's non-performing assets to total assets ratio below 10.0%;

bank acquisitions with the target's equity to assets ratio greater than 7.0%; and

bank acquisitions with the target headquartered outside top 50 MSAs in Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, New Mexico, Oklahoma, Texas, Utah, or Wyoming.

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The following table represents a summary analysis for the regional comparable merger transaction group and FNBR based on publicly announced transaction data:

	FNBR Merger Consideration			Regional M&A Median	Regional M&A Mean
	\$23.53 Glacier Price <sup>(1)</sup>	\$29.41 Glacier Price <sup>(1)</sup>	\$33.82 Glacier Price <sup>(1)</sup>		
Total Assets (\$000)		\$ 343,229		\$ 100,710	\$ 115,804
Equity/ Assets		9.5%		10.9%	10.8%
Tangible Equity/ Assets		9.5%		10.9%	10.8%
Non-performing Assets/ Assets		2.3%		2.7%	3.5%
Return on Average Assets		0.2% <sup>(2)</sup>		0.3%	0.2%
Price/ Earnings	37.9x <sup>(2)</sup>	42.1x <sup>(2)</sup>	45.3x <sup>(2)</sup>	43.6x	41.6x
Price/ Book Value	90.0%	100.0%	107.5%	89.6%	103.7%
Price/ Tangible Book Value	90.0%	100.0%	107.5%	89.6%	104.2%
Premium/ Deposits	(1.1)%	0.0%	0.8%	(1.4)%	0.5%

(1) FNBR's financials statistics and multiples are for the twelve months ended March 31, 2014. Multiples do not include potential increase in book value from earnings to close and other potential transaction adjustments.

(2) FNBR's earnings adjusted for reverse provision expense, income tax benefit, gains and losses on OREO and securities, and extraordinary OREO and legal expense.

St. Charles' analysis of these regional transactions implied a reference valuation range for FNBR of between \$193.41 and \$205.05 per share.

*Comparable public company analysis.* St. Charles reviewed and compared actual information for a group of 12 guideline comparable public companies deemed pertinent to an analysis of the transaction.

The trading referenced in this section represents minority valuations or the value at which one-share trades in the open market. In order to compare these multiples to the implied FNBR multiples, which represent the value paid for control or 100% of the stock, it is necessary to adjust the multiples for control. The premium for control is calculated by taking the median of the premium of a strategic transaction price announcement over the trading price five days prior to the announcement of all bank transactions that have been announced since January 1, 2011 involving targets under \$1 billion in total assets with non-performing assets to total assets less than 4%. In calculating the imputed reference valuation range, a control premium of 38.0% was applied to the appropriate valuation multiples.

The comparable public companies in this guideline comparable group were chosen based on the following parameters:

publicly traded banks with assets between \$100 million and \$600 million;

publicly traded banks with ROAA between 0.10% and 0.45%;

publicly traded banks with non-performing assets to total assets less than 4.0%;

publicly traded banks with equity to assets greater than 7.0%;

publicly traded banks with average daily trading volume for three months of at least 100 shares;

publicly traded banks traded on the NYSE, AMEX, NASDAQ, and other over the counter exchanges; and

publicly traded banks located outside top 50 MSAs.

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The following table represents a summary analysis of the national comparable public companies and FNBR based on publicly announced data as of April 21, 2014:

	FNBR Merger Consideration			Comparable Companies Median	Comparable Companies Mean
	\$23.53 Glacier Price <sup>(1)</sup>	\$29.41 Glacier Price <sup>(1)</sup>	\$33.82 Glacier Price <sup>(1)</sup>		
Total Assets (\$000)		\$ 343,229		\$ 353,388	\$ 360,295
Equity/ Assets		9.5%		9.7%	10.4%
Tangible Equity/ Assets		9.5%		9.7%	10.3%
Non-performing Assets/ Assets		2.3%		2.1%	1.9%
Return on Average Assets		0.2% <sup>(2)</sup>		0.4%	0.3%
Price/ Earnings	37.9x <sup>(2)</sup>	42.1x <sup>(2)</sup>	45.3x <sup>(2)</sup>	27.4x	28.3x
Price/ Book Value	90.0%	100.0%	107.5%	105.5%	108.5%
Price/ Tangible Book Value	90.0%	100.0%	107.5%	116.3%	110.3%
Premium/ Deposits	(1.1)%	0.0%	0.8%	0.8%	1.0%

(1) FNBR's financials statistics and multiples are for the twelve months ended March 31, 2014. Multiples do not include potential increase in book value from earnings to close and other potential transaction adjustments.

(2) FNBR's earnings adjusted for reverse provision expense, income tax benefit, gains and losses on OREO and securities, and extraordinary OREO and legal expense.

St. Charles' analysis of national comparable public companies implied a reference valuation range for FNBR of between \$131.54 and \$214.39 per share.

*Discounted dividend analysis.* St. Charles performed a discounted dividend analysis based on FNBR's projected financial statements prepared on a standalone basis. St. Charles assumed that FNBR will perform in accordance with the various financial statement forecasts as developed by management from 2014 through 2018. This analysis utilized a discount rate range of 15.5% to 19.5%. St. Charles estimated the terminal values by using multiples of earnings and book value. The terminal multiples ranged from 16.1 to 18.1 times earnings, 149.4% to 159.4% book value, and 5.0% to 7.0% premium to deposits, based upon average multiples paid for national bank control transactions from January 1, 2011 to present involving targets located outside top 50 MSAs with assets between \$100 million and \$750 million, ROAA between 0.75% and 1.25%, non-performing assets to assets less than 4.0%, and equity to assets greater than 7%. This analysis was based on estimates considering market and company specific events and is not necessarily indicative of actual values or actual future results and does not purport to reflect the prices at which any securities may trade at the present or at any time in the future. St. Charles noted that the discounted dividend analysis was included because it is a widely used valuation methodology, but noted that the results of such methodology are highly dependent upon the numerous assumptions that must be made, including earnings growth rates, discount rates, and terminal values.

St. Charles' discounted dividend analysis implied a reference valuation range for FNBR between \$164.96 and \$223.44.

*Miscellaneous.* No companies involved in the transactions used as comparisons in the above analyses are identical to FNBR and none of the transactions are identical to the merger. Accordingly, analyses of the results of the foregoing is not purely mathematical; rather, such analyses involve complex considerations and judgments concerning differences in financial market and operating characteristics of the companies involved in and the nature of the guideline

transactions.

*St. Charles Compensation.* St. Charles has acted as a financial adviser to FNBR in connection with the proposed merger with Glacier and has participated in the negotiations leading to the merger agreement. For its financial advisory services provided to the Company in connection with the proposed merger, St. Charles has been paid fees of \$105,000 as of April 24, 2014, and will be paid a total fee, contingent upon the closing of the transaction, of 1.5% of the total merger consideration up to the book value of FNBR and 3% of the total merger consideration in excess of the book value of FNBR, net of all



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retainers paid. St. Charles has received \$50,000 for rendering the fairness opinion. In addition, FNBR has agreed to reimburse St. Charles for all reasonable expenses incurred by it on FNBR's behalf, as well as to indemnify St. Charles against certain liabilities. In addition to services provided to FNBR in the proposed merger with Glacier, St. Charles was engaged in February 2011 to review the strategic alternative available to FNBR. As part of this earlier engagement, St. Charles received approximately \$140,000 in fees.

**Recommendation of the FNBR Board**

The board of directors of FNBR has concluded that the proposed merger as described in the merger agreement is in the best interest of FNBR and its shareholders. **After carefully considering the proposed merger, the board of directors unanimously recommends that the shareholders of FNBR vote FOR the approval of the merger agreement.**

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**THE MERGER**

The following is a brief description of the material aspects of the merger. There are other aspects of the merger that are not discussed below but that are contained in the merger agreement. You are being asked to approve the merger in accordance with the terms of the merger agreement, and you are urged to read the merger agreement carefully. The merger agreement is attached to this proxy statement/prospectus as **Appendix A**.

**Basic Terms of the Merger**

The merger agreement provides for the merger of FNBR with and into Glacier, and the merger of First National Bank of the Rockies with and into Glacier Bank, Glacier's wholly-owned subsidiary. Following the merger, First National Bank of the Rockies will operate under the name and as part of Bank of the San Juans, a division of Glacier Bank.

In the merger, FNBR shareholders will receive a combination of Glacier common stock and cash for their FNBR common stock, as described below.

While Glacier and FNBR believe that they will receive the necessary regulatory approvals for the merger, there can be no assurance that such approvals will be received or, if received, as to the timing of such approvals or as to the ability to obtain such approvals on satisfactory terms. See **Conditions to the Merger** and **Regulatory Requirements**.

**Merger Consideration**

The merger agreement provides that as of the effective date of the merger, each share of FNBR common stock will be converted into the right to receive an amount of merger consideration consisting of a combination of Glacier common stock and cash, as described below.

The total merger consideration consists of a stock portion and a cash portion, which will be determined in the following manner:

***Stock Portion of Merger Consideration***

The total stock consideration payable by Glacier is fixed at 555,733 shares of Glacier common stock. The total stock consideration may be adjusted under certain circumstances if the average trading price of Glacier stock immediately prior to the closing of the merger is above or below specified amounts, as described below under **Termination of the Merger Agreement**. Based on the closing price of Glacier stock on May 28, 2014, and assuming that the average closing price immediately prior to the closing of the merger is above \$23.53 and that Glacier continues to perform consistent with its regional peer group index, the number of shares that Glacier would be required to issue would be 555,733. See **Questions and Answers** **What will FNBR shareholders receive in the merger?**

***Cash Portion of Merger Consideration***

The total cash consideration payable by Glacier is \$16,344,100. This amount is subject to reduction, on a dollar for dollar basis, by the amount by which the FNBR Closing Capital is less than \$32,688,200.

The FNBR Closing Capital is defined in the merger agreement as an amount, as of the closing date of the merger, equal to FNBR's capital stock, surplus and retained earnings determined in



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accordance with generally accepted accounting principles ( GAAP ) on a consolidated basis, and calculated in the same manner in which FNBR's consolidated tangible equity capital of \$32,688,200 at March 31, 2014 was calculated, after giving effect to specified adjustments.

If the FNBR Closing Capital exceeds \$32,688,200, then FNBR may determine in its sole discretion to declare and pay a special dividend to its shareholders in the amount of such excess.

The value of the consideration (in a combination of Glacier stock and cash) that an FNBR shareholder will receive for each share of FNBR common stock is the sum of (i) the per-share cash consideration and (ii) the per-share stock consideration, referred to collectively in the merger agreement as the merger consideration. The per-share cash consideration is the amount obtained by dividing the \$16,344,100 total cash consideration (reduced for any FNBR Closing Capital adjustment) by the number of shares of FNBR common stock outstanding on the effective date of the merger. The per-share stock consideration is the number of Glacier shares determined by dividing 555,733 (increased or decreased by the adjustments described under Termination of the Merger Agreement below, if the trading price of Glacier stock immediately prior to the closing of the merger is above or below specified amounts) by the number of shares of FNBR common stock outstanding on the effective date of the merger.

Assuming for purposes of illustration only that (i) there is no increase or reduction of the cash portion of the merger consideration, and (ii) the average closing price of Glacier common stock immediately prior to the closing of the merger is \$26.34 (the closing price for Glacier common stock on May 28, 2014), each share of FNBR common stock would receive a total value equal to \$185.43, consisting of \$97.82 in cash and 3.326 shares of Glacier common stock.

## **Fractional Shares**

No fractional shares of Glacier common stock will be issued to any holder of FNBR common stock in the merger. For each fractional share that would otherwise be issued, Glacier will pay cash in an amount equal to the fraction multiplied by the GBCI Average Closing Price calculated as provided in the merger agreement. No interest will be paid or accrued on cash payable in lieu of fractional shares of Glacier common stock.

## **Effective Date of the Merger**

Subject to the conditions to the obligations of the parties to complete the merger as set forth in the merger agreement, the effective date of the merger will occur as soon as practicable after such conditions have been satisfied or waived. Subject to the foregoing, it is currently anticipated that the merger will be consummated during the third quarter of 2014. Either Glacier or FNBR may terminate the merger agreement if the effective date does not occur on or before November 30, 2014.

## **Letter of Transmittal**

Within two business days after the closing of the merger, Glacier's exchange agent will send a letter of transmittal to each person who was a FNBR shareholder at the effective time of the merger. This mailing will contain instructions on how to surrender shares of FNBR common stock in exchange for the merger consideration that the holder is entitled to receive under the merger agreement.

All shares of Glacier common stock issued to the holders of FNBR common stock pursuant to the merger will be deemed issued as of the effective date. Until you surrender your FNBR stock certificates for exchange, you will accrue, but will not be paid, any dividends or other distributions declared after the effective date of the merger with respect to Glacier common stock into which your shares have been



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converted. When you surrender your certificates, Glacier will pay any unpaid dividends or other distributions, as well as any merger consideration payable in cash, without interest. After the effective time of the merger, there will be no transfers on the stock transfer books of FNBR of any shares of FNBR common stock. If certificates representing shares of FNBR common stock are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the merger consideration into which the shares of FNBR common stock represented by those certificates shall have been converted.

If a certificate for FNBR common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and reasonable assurances, such as a bond or indemnity, satisfactory to Glacier in consultation with FNBR, and appropriate and customary identification.

## **Voting Agreement**

The directors of FNBR and First National Bank of the Rockies, together with certain principal shareholders of FNBR, have entered into a voting agreement, dated as of May 8, 2014. In the voting agreement, each signing director and principal shareholder agrees, among other things, to vote the shares of FNBR common stock that he or she owns or controls in favor of the merger. The persons who have entered into this voting agreement are entitled to vote a total of 157,965 outstanding shares of FNBR common stock, which is approximately 95% of the total shares outstanding. Accordingly, shareholder approval of the merger is assured.

## **Dissenters Rights of Appraisal**

Under the Colorado Business Corporation Act ( CBCA ), FNBR shareholders are entitled to exercise dissenters rights and to receive the fair value in cash of their shares of FNBR common stock if they fully comply with the provisions of the CBCA relating to dissenters rights, if the merger agreement is approved and the merger is consummated. The following summary of the CBCA provisions with respect to dissenters rights is qualified in its entirety by reference to those statutes. **Shareholders anticipating exercising dissenters rights with respect to the merger are strongly encouraged to consult their legal counsel and tax, financial or other appropriate advisors.**

The CBCA requires that shareholders be accorded dissenters rights in connection with the proposed merger transaction. A copy of the relevant portions of the CBCA, Sections 7-113-101 through 7-113-302 are included as **Appendix B**. The following discussion of dissenters rights is qualified in its entirety by reference to those statutes.

A shareholder may elect to dissent from the proposed merger transaction and, upon consummation of the transaction, to receive the fair value of such shareholder s FNBR stock.

In order to properly exercise dissenters rights the shareholder must:

**Not vote in favor of the proposed merger; and**

**Prior to the time of the vote taken by FNBR shareholders, notify FNBR of the shareholder s intent to exercise dissenters rights.**

Except in certain circumstances specified in the CBCA, a shareholder electing to assert dissenters' rights must generally assert such rights with respect to all shares of FNBR stock beneficially owned by the shareholder. A notice of intent to demand payment under dissenters' rights given to FNBR shareholders must be in writing. **If a shareholder fails to meet the requirements for assertion of dissenters' rights such shareholder is not entitled to payment for his or her shares under the CBCA.**

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If a shareholder properly asserts dissenters' rights and the proposed merger is consummated, Glacier, as the surviving corporation in the merger, will send each shareholder who has properly exercised dissenters' rights a dissenter's notice, notifying the shareholder of, among other things, the completion of the merger and providing the shareholder instructions for the deposit of certificates representing the dissenter's FNBR shares and supplying a form for demanding payment. **A dissenting shareholder failing to timely demand payment or to deposit certificates representing the dissented FNBR stock is not thereafter entitled to receive payment for his or her shares under the CBCA.**

Glacier, as the surviving corporation in the merger, is required to pay all dissenting FNBR shareholders who have properly and timely exercised dissenters' rights, deposited certificates and demanded payment of the fair value for their shares of FNBR stock. The amount of payment is determined by Glacier and made to dissenting shareholders within time frames specified by the CBCA. If a shareholder is dissatisfied with the amount of the payment determined by Glacier, such shareholder may notify Glacier in writing, within 30 days after Glacier made or offered to make payment, of the shareholder's own estimate of the fair value of his or her shares and demand payment for such amount (less any payment made by Glacier). Glacier may, after the receipt of such demand, elect to pay the additional amount demanded or, within 60 days following receipt of such demand, commence a legal proceeding for a determination of the fair value of the shares.

## **Conditions to the Merger**

Consummation of the merger is subject to various conditions. No assurance can be provided as to whether these conditions will be satisfied or waived by the appropriate party. Accordingly, there can be no assurance that the merger will be completed.

Certain conditions must be satisfied or events must occur before the parties will be obligated to complete the merger. Each party's obligations under the merger agreement are conditioned on satisfaction by the other party of conditions applicable to them. Some of these conditions, applicable to the respective obligations of both Glacier and FNBR, are as follows:

approval of the merger by FNBR shareholders;

accuracy of the other party's representations in the merger agreement and any certificate or other instrument delivered in connection with the merger agreement;

compliance by the other party of all material terms, covenants, and conditions of the merger agreement;

that there shall have been no damage, destruction, or loss, or other event or sequence of events, that has had or potentially may have a material adverse effect with respect to the other party;

that no action or proceeding has been commenced or threatened by any governmental agency to restrain or prohibit or invalidate the merger;



the parties shall have agreed on the amount of the FNBR Closing Capital; and

the registration statement filed with the SEC, required to register the Glacier common stock to be issued to shareholders of FNBR, has become effective, and no stop-order suspending such effectiveness has been issued and no proceedings for that purpose have been initiated or threatened by the SEC.

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In addition to the above, the obligations of Glacier under the merger agreement are subject to conditions that include the following:

First National Bank of the Rockies allowance for possible loan and lease losses is adequate to absorb its anticipated loan losses; and

the FNBR Closing Capital will not be less than \$25,000,000.

Additionally, either Glacier or FNBR may terminate the merger if certain conditions applicable to the other party are not satisfied or waived. Those conditions are discussed below under Termination of the Merger Agreement.

Either Glacier or FNBR may waive any of the other party's conditions, except those that are required by law (such as receipt of regulatory approvals and FNBR shareholder approval). Either Glacier or FNBR may also grant extended time to the other party to complete an obligation or condition.

**Amendment of the Merger Agreement**

The merger agreement may be amended upon authorization of the boards of directors of the parties, whether before or after the FNBR special meeting of the shareholders. To the extent permitted under applicable law, the parties may make any amendment or supplement without further approval of FNBR shareholders. However, after shareholder approval, any amendments that would reduce the amount or change the form of the consideration that FNBR shareholders will receive in the merger would require further FNBR shareholder approval.

**Termination of the Merger Agreement**

The merger agreement contains several provisions entitling either Glacier or FNBR to terminate the merger agreement under certain circumstances. The following briefly describes these provisions:

Lapse of Time. If the merger has not been consummated on or before November 30, 2014, then at any time after that date, the board of directors of either Glacier or FNBR may terminate the merger agreement and the merger if (i) the terminating party's board of directors decides to terminate by a majority vote of all of its members, and (ii) the terminating party delivers to the other party written notice that its board of directors has voted in favor of termination.

Mutual Consent. The parties may terminate the merger agreement at any time before closing, whether before or after approval by FNBR shareholders, by mutual consent if the board of directors of each party agrees to terminate by a majority vote of all of its members.

Glacier Average Closing Price Greater than \$33.82. By specific action of its board of directors, Glacier may terminate the merger agreement if the Glacier average closing price (as defined in the merger agreement) is greater than \$33.82.

If Glacier provides written notice of its intent to terminate the merger agreement because the Glacier average closing price is greater than \$33.82, FNBR may elect, within two business days of its receipt of such notice, to accept an adjustment to the total stock consideration through the issuance of fewer Glacier shares; in such event, the total stock consideration will be the number of Glacier shares equal to the quotient obtained by dividing \$18,794,890 by the Glacier average closing price. If FNBR makes the election to accept such decrease in the number of Glacier shares to be issued, no termination of the merger agreement will occur, and the merger agreement will remain in effect in

accordance with its terms, except as the total stock consideration has been adjusted.

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Glacier Average Closing Price Less than \$25.00 But Not Less Than \$23.53. By specific action of its board of directors, FNBR may terminate the merger agreement if the Glacier average closing price is less than \$25.00 but not less than \$23.53, but only if Glacier's stock trading price has underperformed the stock trading price performance of a regional bank peer group index by more than 10%. The banks comprising the peer group index (the Index Group) are set forth in the merger agreement.

The performance of Glacier's stock trading price relative to the performance of the Index Group is determined by dividing the Glacier average closing price (the average volume weighted closing price for the 20 trading days immediately preceding the 10<sup>th</sup> day prior to the closing date) by \$25.06 (the closing price of Glacier stock on May 8, 2014), and comparing the resulting quotient to the quotient obtained by dividing the Final Index Price (also determined over the 20 trading days immediately preceding the 10<sup>th</sup> day prior to the closing date) of the Index Group by \$18.24 (the closing price of the stock of the Index Group on May 8, 2014). Glacier will be deemed to have underperformed the Index Group for purposes of the termination provisions of the merger agreement if the amount of the decline the trading price of its stock, calculated as above, exceeds the amount of the decline in the trading price of the stock of the Index Group by more than 10%.

If FNBR provides written notice of its intent to terminate the merger agreement because the Glacier average closing price is less than \$25.00 but not less than \$23.53 and Glacier's stock trading price has underperformed the Index Group by more than 10%, Glacier may elect, within two business days of its receipt of such notice, to adjust the total stock consideration through the issuance of additional Glacier shares, so that the total value of the stock consideration issued in the merger is sufficient to remedy the underperformance of Glacier's stock relative to that of the Index Group. If Glacier elects to increase the number of Glacier shares to be issued, no termination of the merger agreement will occur, and the merger agreement will remain in effect in accordance with its terms, except as the total stock consideration has been adjusted.

Glacier Average Closing Price Less than \$23.53. By specific action of its board of directors, FNBR may terminate the merger agreement if the Glacier average closing price is less than \$23.53, regardless of the performance of the Index Group or Glacier's performance relative to the Index Group.

If FNBR provides written notice of its intent to terminate the merger agreement because the Glacier average closing price is less than \$23.53, Glacier may elect, within two business of its receipt of such notice, to adjust the total stock consideration through the issuance of additional Glacier shares so that the total stock consideration issued in the merger is equal to the quotient obtained by dividing \$13,076,397 by the Glacier average closing price. If Glacier elects to increase the number of shares to be issued, no termination of the merger agreement will occur, and the merger agreement will remain in effect in accordance with its terms, except as the total stock consideration has been adjusted.

No Regulatory Approvals. Either party may terminate the merger agreement if the regulatory approvals required to be obtained are denied, or if any such approval is conditioned on a substantial deviation from the transactions contemplated by the merger agreement, subject to certain rights granted in the merger agreement to appeal the denial of such regulatory approval.

Breach of Representation or Covenant. Either party may terminate the merger agreement (so long as the terminating party is not then in material breach of any of its representations, warranties, covenants or agreements in the merger agreement) if there has been a material breach of any covenants or agreements set forth in the merger agreement by the other party, which is not cured within 30 days following written notice to the party committing such breach, or which breach, by its nature, cannot be cured prior to the closing of the merger.



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**Failure to Recommend or Obtain Shareholder Approval.** Glacier may terminate the merger agreement (so long as it is not then in material breach of any of its representations, warranties, covenants or agreements in the merger agreement), if (i) the FNBR board of directors fails to recommend to its shareholders approval of the merger, or (ii) modifies, withdraws or changes in a manner adverse to Glacier its recommendation to shareholders to approve the merger. Additionally, regardless of whether the FNBR board of directors recommends approval of the merger to its shareholders, Glacier may terminate the merger agreement if FNBR shareholders elect not to approve the merger.

**Impracticability.** Either party may terminate the merger agreement upon written notice to the other party if the board of directors of the party seeking termination has determined in its sole judgment, made in good faith and after due consideration and consultation with counsel, that the merger has become inadvisable or impracticable by reason of actions taken by the federal government or the government of the States of Montana or Colorado to restrain or invalidate the merger or the merger agreement.

**Superior Proposal Termination by FNBR.** FNBR may terminate the merger agreement if its board of directors determines in good faith that FNBR has received a Superior Proposal as defined in the merger agreement. This right is subject to the requirement that FNBR may terminate the merger agreement only if FNBR (i) has not breached its covenants regarding the initiation or solicitation of acquisition proposals from third parties; and (ii) subsequent to delivering the notice of termination to Glacier, FNBR intends to enter into a letter of intent, acquisition agreement or similar agreement relating to such Superior Proposal, (iii) FNBR has provided Glacier with at least five business days prior notice that FNBR intends to accept a Superior Proposal and has given Glacier, if it so elects, an opportunity to amend the terms of the merger agreement (negotiated in good faith between Glacier and FNBR) in such a manner as would enable FNBR to proceed with the merger and (iv) simultaneously upon entering into a letter of intent or agreement relating to the Superior Proposal, it delivers to Glacier the break-up fee described below.

**Superior Proposal Termination by Glacier.** Glacier may terminate the merger agreement if (i) an Acquisition Event (as defined in the merger agreement) has occurred or (ii) a third party has made a proposal to FNBR or its shareholders to engage in, or has entered into an agreement with respect to, an Acquisition Event, and the merger agreement and the merger are not approved at the special meeting of FNBR shareholders.

## **Termination Fees**

Subject to certain exceptions, FNBR will pay Glacier a termination fee of \$300,000 if Glacier terminates the merger agreement based on a FNBR breach of its representations or breach of its covenants. Glacier will pay FNBR a termination fee of \$300,000 if FNBR terminates the merger agreement based on a Glacier breach of its representations or breach of its covenants.

## **Break-Up Fee**

If the merger agreement is terminated because (i) the FNBR board of directors fails to recommend shareholder approval of the merger agreement or modifies, withdraws or changes its recommendation in a manner adverse to Glacier; or (ii) FNBR terminates the merger agreement after receiving a Superior Proposal (as defined in the merger agreement) and Glacier declines the opportunity to amend the terms of the merger agreement to enable FNBR's board of directors to proceed with the merger; or (iii) Glacier terminates the merger agreement after FNBR's receipt of a Superior Proposal followed by an immediate Acquisition Event (as defined in the merger agreement), then FNBR will immediately pay Glacier a break-



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up fee of \$1,630,000. If the merger agreement is terminated by Glacier due to FNBR's receipt of a proposal to enter into an Acquisition Event and the merger agreement and merger are not approved at the shareholders' meeting, and prior to or within six months after such termination, FNBR or First National Bank of the Rockies enters into an agreement, or publicly announces an intention, to engage in an Acquisition Event, or within 12 months after such termination an Acquisition Event has occurred, then FNBR will promptly pay to Glacier the break-up fee in the amount of \$1,630,000.

### **Allocation of Costs Upon Termination**

If the merger agreement is terminated (except under circumstances that would require the payment of a termination fee or break-up fee) Glacier and FNBR will each pay their own out-of-pocket expenses incurred in connection with the transaction and, except for any applicable termination or break-up fees, will have no other liability to the other party.

### **Conduct Pending the Merger**

The merger agreement provides that, until the merger is effective, FNBR will conduct its business only in the ordinary and usual course. The merger agreement also provides that, unless Glacier otherwise consents in writing, and except as required by applicable regulatory authorities, FNBR will refrain from engaging in various activities such as:

effecting any stock split or other recapitalization with respect to FNBR or First National Bank of the Rockies, or pledge or encumber any shares of FNBR or First National Bank of the Rockies stock or grant any options for such stock;

except as specifically permitted under the terms of the merger agreement, declaring or paying any dividends, or making any other distributions;

acquiring, selling, transferring, assigning or encumbering or otherwise disposing of assets having a value greater than \$25,000 or making any commitment other than in the ordinary course of business;

soliciting or accepting deposit accounts of a different type than previously accepted by First National Bank of the Rockies or at rates materially in excess of prevailing interest rates, or, with specified exceptions, incurring any indebtedness for borrowed money;

offering or making loans or other extensions of credit of a different type, or applying different underwriting standards, from those previously offered or applied by First National Bank of the Rockies, or offering or making a loan or extension of credit in an amount greater than \$1,000,000 without prior consultation with Glacier;

extending further credit with respect to loans that have been criticized or classified by an internal audit conducted by the Bank or that otherwise appear on the internal "watch list" of First National Bank of the



Rockies;

with specified exceptions, make any negative provisions to the ALLL, or refrain from making provisions to the ALLL in amounts consistent with the 2014 financial forecast provided to Glacier;

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with specified exceptions, acquiring an ownership or leasehold interest in real property without conducting an appropriate environmental evaluation and providing specified information and notices to Glacier;

with specified exceptions, entering into, renewing, amending or terminating any contracts calling for a payment of more than \$25,000, with a term of one year or more;

with specified exceptions, entering into or amending any contract calling for a payment of more than \$25,000, unless the contract may be terminated without cause or penalty upon 30 days' notice or less;

with specified exceptions, entering into any personal services contract;

selling any securities other than in the ordinary course of business, or selling any securities even in the ordinary course of business if the aggregate gain or loss realized from all sales after the date of execution of the merger agreement would exceed \$25,000, or transferring investment securities between portfolios;

with specified exceptions, amending or materially changing its operations, policies or procedures;

other than in accordance with binding existing commitments, making capital expenditures in excess of \$25,000 per project or related series of projects or \$50,000 in the aggregate; and

entering into material transactions or making any material expenditures other than in the ordinary course of business except for expenses reasonably related to the completion of the merger.

**First National Bank of the Rockies Management and Operations After the Merger**

Immediately following the merger, First National Bank of the Rockies will be merged with and into Glacier Bank. It is anticipated that the former First National Bank of the Rockies branches will operate after the closing as Bank of the San Juans, a division of Glacier Bank, (referred to as the Division ) consistent with Glacier's organizational structure.

**Employee Benefit Plans**

The merger agreement confirms Glacier's intent that Glacier's current personnel policies and benefits will apply to any employees of FNBR and First National Bank of the Rockies who remain employed following the closing of the merger. Such employees will be eligible to participate in all of the benefit plans of Glacier that are generally available to similarly-situated employees of Glacier. For purposes of such participation, current employees' prior service with FNBR and/or First National Bank of the Rockies will constitute prior service with Glacier for purposes of determining eligibility and vesting, including vacation time and participation and benefits under Glacier's severance policy for employees in effect at the time of any termination.



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**Interests of Certain Persons in the Merger**

Certain members of the FNBR board of directors and management may be deemed to have interests in the merger, in addition to their interests as shareholders of FNBR generally. The FNBR board of directors was aware of these factors and considered them, among other things, in approving the merger agreement.

**Stock Ownership.** FNBR directors, executive officer and their spouses beneficially owned, as of the record date for the special meeting, 158,698 shares of FNBR common stock, representing approximately 95% of all outstanding FNBR shares. The directors and executive officers of FNBR will receive the same consideration in the merger for their shares as other shareholders of FNBR.

**Voting Agreement.** The directors of FNBR and First National Bank of the Rockies and certain principal shareholders of FNBR have entered into a voting agreement, dated as of May 8, 2014. Pursuant to the voting agreement, each signing director and principal shareholder agrees to vote the shares of FNBR common stock that he or she owns or controls in favor of the merger. A total of 157,965 outstanding shares, or approximately 95% of the outstanding shares of FNBR common stock, are covered by the voting agreement.

**Executive Compensation.** As a result of the Merger, certain members of FNBR management will vest in rights to salary continuation payments that would not otherwise vest until they obtain retirement age, die or become disabled. In addition, as a result of the Merger certain members of FNBR management will be entitled to receive phantom stock payments that would otherwise be received upon termination of service, death or disability.

**Director Non-Competition Agreement.** Each member of the board of directors of FNBR and First National Bank of the Rockies has entered into a non-competition agreement with Glacier, FNBR and First National Bank of the Rockies. Except under certain limited circumstances, the non-competition agreement prohibits such directors from becoming involved in a business competing with Glacier or any of Glacier's subsidiaries, divisions or affiliates within Archuleta County, Delta County, Dolores County, La Plata County, Mesa County, Moffat County, Montezuma County, Montrose County, Ouray County, Rio Blanco County, Routt County, and San Miguel County, Colorado, or any county in the State of Colorado into which Glacier or Glacier Bank expands their business during the term of the agreement. The term of the non-competition agreement commences upon the effective date of the merger and continues until the later of (i) two years following the closing of the merger or (ii) if applicable, two years following termination of such director's service on the board of directors of the Division.

**Indemnification of Directors and Officers: Insurance.** The merger agreement provides that Glacier will, for a period of four years following the closing of the merger, indemnify the present and former directors and officers of FNBR and First National Bank of the Rockies against liabilities or costs that may arise in the future, incurred in connection with claims or actions arising out of or pertaining to matters that existed or occurred prior to the effective date of the merger (but excluding, to the extent such officer or director is an indemnifying party under the Indemnification Agreement, any claims for indemnification made against such former officer or director pursuant thereto). The scope of this indemnification is to the fullest extent that such persons would have been entitled to indemnification under applicable law and the articles of incorporation or bylaws of FNBR and First National Bank of the Rockies, as applicable.

The merger agreement also provides that for a period of four years following the closing of the merger, Glacier will use reasonable efforts to cause to be maintained in effect, director and officer liability insurance substantially similar to that maintained by Glacier with respect to claims arising from facts or events that occurred before the effective date of the merger.



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### **Regulatory Requirements**

Closing of the merger is subject to approval or waiver, as applicable, by the appropriate banking regulatory authorities, including the FDIC, the Federal Reserve Bank of Minneapolis and the Montana Division of Banking and Financial Institutions.

### **Material Federal Income Tax Consequences of the Merger**

This section describes the anticipated material United States federal income tax consequences of the merger of FNBR with and into Glacier ( Holding Company Merger ), and the contemporaneous merger of the Bank with and into Glacier Bank ( Bank Merger ), to U.S. holders of FNBR common stock who exchange shares of FNBR common stock for shares of Glacier common stock, cash, or a combination of shares of Glacier common stock and cash pursuant to the mergers.

For purposes of this discussion, a U.S. holder is a beneficial owner of FNBR common stock who for United States federal income tax purposes is:

a citizen or resident of the United States;

a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;

a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) holds FNBR common stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding FNBR common stock, you should consult your tax advisor.

This discussion addresses only those FNBR shareholders that hold their FNBR common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, and does not address all the United States federal income tax consequences that may be relevant to particular FNBR shareholders in light of their individual circumstances or to FNBR shareholders that are subject to special rules, such as:

financial institutions;

pass-through entities or investors in pass-through entities;

insurance companies;

tax-exempt organizations;

dealers in securities;

traders in securities that elect to use a mark to market method of accounting;

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persons who exercise dissenters' rights;

persons that hold FNBR common stock as part of a straddle, hedge, constructive sale or conversion transaction;

certain expatriates or persons that have a functional currency other than the U.S. dollar;

persons who are not U.S. holders; and

shareholders who acquired their shares of FNBR common stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

The following discussion is based on the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of this discussion.

In connection with the filing of the registration statement of which this document is a part, Garlinton, Lohn & Robinson, PLLP, special tax counsel to Glacier, has delivered an opinion to Glacier to the effect that the Holding Company Merger and the Bank Merger will for federal income tax purposes qualify as reorganizations within the meaning of Internal Revenue Code Section 368(a); and both Glacier and FNBR expect to report the mergers accordingly on their federal income tax returns. The opinion is based on assumptions, representations, warranties and covenants, including those contained in the merger agreement and in tax representation letters provided by Glacier, FNBR, Glacier Bank and the Bank. The accuracy of such assumptions, representations and warranties, and compliance with such covenants, could affect the conclusions set forth in such opinion. The opinion is not binding on the Internal Revenue Service or the courts. Glacier and FNBR have not requested and do not intend to request any ruling from the Internal Revenue Service as to the United States federal income tax consequence of the mergers. Accordingly, each FNBR shareholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

*Tax Consequences of the Merger Generally to Holders of FNBR Common Stock.* If the Holding Company Merger is a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the tax consequences are as follows:

FNBR shareholders will exchange all of their FNBR common stock for a combination of Glacier common stock and cash in the Holding Company Merger. Accordingly, holders of FNBR common stock will recognize gain in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Glacier common stock and cash received by a holder of FNBR common stock exceeds such holder's cost basis in its FNBR common stock, and (2) the amount of cash received by such holder of FNBR common



stock (except with respect to any cash received instead of fractional share interests in Glacier common stock, as discussed in the section entitled "Cash Received Instead of a Fractional Share of Glacier Common Stock");

a FNBR shareholder's aggregate tax basis in the Glacier common stock received in the Holding Company Merger will be equal to the shareholder's aggregate tax basis in such shareholder's FNBR common stock surrendered, decreased by the amount of any cash received and increased by the amount of any gain recognized; and

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the holding period of Glacier common stock received in exchange for shares of FNBR common stock will include the holding period of the FNBR common stock for which it is exchanged.

If holders of FNBR common stock acquired different blocks of FNBR common stock at different times or at different prices, any gain or loss will be determined separately with respect to each block of FNBR common stock and such holders' basis and holding period in their shares of Glacier common stock may be determined with reference to each block of FNBR common stock. Any such holders should consult their tax advisors regarding the manner in which cash and Glacier common stock received in the exchange should be allocated among different blocks of FNBR common stock and with respect to identifying the bases or holding periods of the particular shares of Glacier common stock received in the merger.

Gain that holders of FNBR common stock recognize in connection with the merger generally will constitute capital gain and will constitute long-term capital gain if such holders have held (or are treated as having held) their FNBR common stock for more than one year as of the date of the merger. Long-term capital gain of non-corporate holders of FNBR common stock is generally taxed at preferential rates. In some cases, if a holder actually or constructively owns Glacier stock other than Glacier stock received pursuant to the merger, the recognized gain could be treated as having the effect of a distribution of a dividend under the tests set forth in Internal Revenue Code Section 302, in which case such gain would be treated as dividend income. Because the possibility of dividend treatment depends primarily upon each holder's particular circumstances, including the application of the constructive ownership rules, holders of FNBR common stock should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

*Cash Received Instead of a Fractional Share of Glacier Common Stock.* A holder of FNBR common stock who receives cash instead of a fractional share of Glacier common stock will generally be treated as having received the fractional share pursuant to the merger and then as having that fractional share of Glacier common stock redeemed for cash. As a result, a holder of FNBR common stock will generally recognize gain or loss equal to the difference between the amount of cash received in lieu of the fractional share and the basis in his or her fractional share interest as set forth above. Except as described above, this gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

*Backup Withholding and Information Reporting.* Payments of cash to a holder of FNBR common stock may, under certain circumstances, be subject to information reporting and backup withholding, unless the holder provides proof of an applicable exemption satisfactory to Glacier and the exchange agent or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed changes in the tax laws.**

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**Accounting Treatment of the Merger**

The acquisition of FNBR will be accounted for using the acquisition method of accounting by Glacier under accounting principles generally accepted in the United States of America. Accordingly, using the acquisition method of accounting, the assets and liabilities of FNBR will be recorded by Glacier at their respective fair values at the time of the merger. The excess of Glacier's purchase price over the net fair value of assets acquired including identifiable intangible assets and liabilities assumed will be recorded as goodwill. Goodwill will be periodically assessed for impairment but no less frequently than on an annual basis. Prior period financial statements are not restated and results of operation of FNBR will be included in Glacier's consolidated statement of operations after the date of the merger. The identifiable intangible assets with finite lives, other than goodwill, will be amortized against the combined company's earnings following completion of the merger.

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**INFORMATION CONCERNING FNBR HOLDING CORPORATION**

**General**

FNBR Holding Corporation is a Colorado corporation and registered bank holding company headquartered in Grand Junction, Colorado. The principal asset of FNBR is the stock of its wholly-owned sole subsidiary, First National Bank of the Rockies, a national banking association chartered by the Office of the Comptroller of the Currency.

First National Bank of the Rockies' original predecessor was organized in 1904. The bank offers full-service commercial and personal banking products and services to small and medium-sized businesses and consumers throughout Western Colorado. As of March 31, 2014, FNBR had total assets of \$343.2 million, net loans of \$129.6 million, total deposits of \$304.9 million and total tangible shareholders' equity of \$32.7 million.

**Market Area**

First National Bank of the Rockies operates ten branch offices in the Counties of Mesa, Routt, Rio Blanco and Moffat, Colorado. The bank's customer base consists primarily of commercial businesses throughout the western slope and northwest Colorado, and individuals who either work or reside in the same areas.

**Lending Activities**

First National Bank of the Rockies' principal business is to accept deposits from the public and to make loans and other investments. To develop business, the bank relies to a great extent on the personalized approach of its officers and directors, who have extensive business and personal contacts in the communities served by the bank. The bank grants real estate, commercial, agriculture, and consumer loans to customers. The bank's loan portfolio mirrors the local economies in which the bank operates. As a result, a substantial portion of the loan portfolio is represented by commercial and real estate loans, primarily in the Northwestern region of Colorado.

At December 31, 2013, First National Bank of the Rockies' consolidated total loan portfolio was \$127.7 million, representing approximately 37.6% of its total assets. As of such date, First National Bank of the Rockies' loan portfolio consisted of 11.4% real estate construction and land development loans, 44.8% commercial real estate secured loans, 17.2% residential real estate secured loans, 19.5% commercial loans, 1.5% consumer loans, and 5.5% municipal loans.

**Deposit and Banking Services**

First National Bank of the Rockies provides a variety of deposit products to its customers including checking, savings, money market deposit accounts, and fixed-term certificates of deposits. The variety of deposit accounts the bank provides allows it to be competitive in obtaining funds and responding to changes in consumer demand.

First National Bank of the Rockies' customers include individuals as well as small to medium-sized businesses throughout Western Colorado. The primary sources of core deposits are residents of the bank's market area and businesses and their employees located in that area. First National Bank of the Rockies also obtains deposits through personal solicitation by the bank's officers and directors and through local advertising. For the convenience of its customers, the bank offers drive-through banking facilities, an automated teller machine at each of its locations, internet banking, debit cards, business check cards, cashier's checks, money orders, wire transfers, savings bonds, travelers checks, direct deposit, bill pay, safety deposit box, remote deposit, and repurchase sweep accounts.



**Table of Contents****FNBR Holding Corporation and First National Bank of the Rockies Summary Financial Information**

The following selected financial information for the fiscal years ended December 31, 2013, 2012 and 2011 are derived from audited financial statements of FNBR on a consolidated basis, while the financial information for the three months ended March 31, 2014 are derived from unaudited financial statement of FNBR on a consolidated basis:

**FNBR Holding Corporation****Balance Sheet**

	<b>March 31, 2014</b>	<b>2013</b>	<b>December 31,</b>	
			<b>2012</b>	<b>2011</b>
Cash and Due from Banks	\$ 9,797	\$ 11,315	\$ 8,642	\$ 17,164
Fed Funds	0	0	14,000	8,000
Securities	171,277	171,172	161,939	169,620
Gross Loans	131,604	127,696	117,119	121,461
Allowance for Loan Loss				