

GLACIER BANCORP INC

Form S-4

May 15, 2006

**Table of Contents**

**As filed with the Securities and Exchange Commission on May 15, 2006**  
**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)*

**MONTANA**  
*(State or other jurisdiction of  
incorporation or organization)*

**6022**  
*(Primary standard industrial  
classification code number)*

**81-0519541**  
*(I.R.S. employer  
identification no.)*

**49 Commons Loop, Kalispell, Montana 59901 (406) 756-4200**  
*(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**  
**WILLIAM E. BARTHOLDT**  
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**MICHELE D. VAILLANCOURT**  
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 Winthrop & Weinstine P.A.  
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 Minneapolis, Minnesota 55402  
 Telephone: (612) 604-6400  
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**Approximate date of commencement of proposed sale of securities to the public:**

The date of mailing of the enclosed proxy statement/prospectus to shareholders of Citizens Development Company.

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.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities Being Registered</b>	<b>Amount Being Registered(1)</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee(2)</b>
Common Stock, \$0.01 Par Value	1,300,000	N/A	[\$10,302,034]	\$0.00

- (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 acquisition of Citizens Development Company ( Citizens ) by Glacier.
- (2) Calculated in accordance with Rule 457(f) under the Securities Act of 1933, the proposed maximum offering price of [\$10,302,034] is computed by subtracting \$46,200,000 (the cash to be paid by Glacier) from the product of (A) \$76.14, the per-share book value of the Citizens common stock on May 10, 2006, times (B) 471,473.15 (the maximum number of shares of Citizens 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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Table of Contents

**PROXY STATEMENT**

**PROSPECTUS OF  
OF CITIZENS DEVELOPMENT COMPANY**

**GLACIER BANCORP, INC.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Citizens Development Company Shareholders:

The boards of directors of Citizens Development Company ( Citizens ) and Glacier Bancorp, Inc. ( Glacier ) have agreed on a merger of Citizens into Glacier. When the merger occurs, the current subsidiary banks of Citizens will operate as subsidiaries of Glacier.

Under the terms of the Plan and Agreement of Merger, dated April 20, 2006, between Glacier and Citizens (the Merger Agreement ), Glacier will pay a total of \$77 million (less any specified excess transaction fees, and plus a possible earnings adjustment based on Citizens adjusted after-tax earnings from July 1, 2006 to the effective date of the merger), in cash and in Glacier common stock. The Merger Agreement provides that the portion of the merger consideration payable in Glacier common stock will be fixed at 40% of the total merger consideration and the portion payable in cash will be fixed at 60% of the total merger consideration. However, individual Citizens shareholders will be allowed to choose whether to exchange their Citizens shares entirely for shares of Glacier stock, or for a combination of Glacier stock and cash. Those electing to receive all stock will receive the number of Glacier shares having a market value equal to the value of their Citizens shares, based on the market value of Glacier stock during a five-day trading period shortly before closing. Those electing to receive a combination of cash and stock will receive Glacier stock for that portion of their shares that will cause the total Glacier shares issued in the merger to equal 40% of the total merger consideration (after taking into account the Citizens shareholders who choose to receive all stock), with the balance of their shares paid in cash. The exact percentage of cash and Glacier common stock to be received by Citizens shareholders electing a combination of cash and stock will not be known until the effective date of the merger. However, under reasonable assumptions, it is anticipated that those electing a combination of stock and cash will receive approximately 35% to 40% of the purchase price in shares of Glacier stock and approximately 60% to 65% of the purchase price in cash. **A form for making your election is enclosed.**

The number of shares of Glacier common stock that will be exchanged for shares of Citizens common stock will not be determined until five days prior to the merger. As explained in more detail in this document, whether you elect to receive Glacier common stock or a combination of stock and cash for your shares, the value of the consideration that you receive as of the completion date will be substantially the same, based on the average Glacier common stock price used to calculate the merger consideration.

After completion of the merger, assuming that the base merger consideration of \$77 million is not decreased by the amount of any excess transaction fees or increased by the amount of any earnings adjustment, Citizens shareholders will own approximately 3.08% of Glacier s outstanding common stock.

Your board of directors believes that the terms of the merger are fair and in the best interest of Citizens and its shareholders. In reaching this decision, the board considered numerous factors as described in the attached proxy statement/prospectus.

**The merger cannot be completed unless you approve it.** Approval requires the affirmative vote of at least two thirds (662/3%) of each of the Class A and Class B shares entitled to be cast at a special meeting of Citizens shareholders called to consider the merger. We will hold a special shareholders meeting to vote on the merger proposal. **The Citizens special shareholders meeting will be held on Wednesday, June 28, 2006, at 4:00 p.m. local time, at First Citizens Bank of Billings, 2812 First Avenue North, Billings, Montana.** 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 Citizens board of directors, I recommend that you vote FOR approval of the merger.

Dean Comes  
President and Chief Executive Officer

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**Table of Contents**

**None of 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 Bank Insurance Fund or any other governmental agency. Such shares are not guaranteed by Glacier or Citizens and are subject to investment risk, including the possible loss of principal.**

This proxy statement/prospectus is dated May 25, 2006, and is first being mailed to Citizens shareholders on May 26, 2006.

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**Table of Contents**

**CITIZENS DEVELOPMENT COMPANY  
2812 1<sup>ST</sup> Avenue North, Suite 324  
Billings, Montana 59101**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 28, 2006**

**TO THE SHAREHOLDERS OF CITIZENS DEVELOPMENT COMPANY:**

A special meeting of shareholders of Citizens Development Company ( Citizens ) will be held on June 28, 2006, at 4:00 p.m. local time, at the offices of First Citizens Bank of Billings, 2812 First Avenue North, Billings, Montana. The special meeting is for the following purposes:

1. *MERGER AGREEMENT.* To consider and vote upon a proposal to approve the Plan and Agreement of Merger, dated as of April 20, 2006, among Glacier Bancorp, Inc. and Citizens (the Merger Agreement ), under the terms of which Citizens will merge with and into a newly-formed subsidiary of 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. *OTHER MATTERS.* If necessary, to consider and act upon a proposal to adjourn the meeting to permit us to solicit additional proxies in the event that we do not have sufficient votes to approve the merger as of the date of the meeting.

Holders of record of Citizens common stock at the close of business on May 24, 2006, 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 two thirds (662/3%) of each of the Class A and Class B shares entitled to be cast, voting as separate groups, at the Citizens special meeting is required for approval of the Merger Agreement. As of May 24, 2006, there were 43,151.33 shares of Class A common stock and 428,321.82 shares of Class B common stock, outstanding and entitled to vote at the special meeting.

Citizens shareholders have the right to dissent from the merger and obtain payment of the fair value of their Citizens shares under the applicable provisions of Montana law. A copy of the applicable statutes 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 heading The Merger Dissenters' Rights of Appraisal.

**The board of directors of Citizens has determined that the Merger Agreement is fair to and in the best interests of Citizens and its shareholders and recommends that you vote FOR approval of the Merger Agreement.**

By Order of the Board of Directors,

Jason Hinch, Secretary

Billings, Montana  
May 26, 2006

**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.**

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**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

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

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: James H. Strosahl, Corporate Secretary  
Telephone: (406) 751-4702

You will not be charged for the documents that you request. If you would like to request documents, please do so by June 13, 2006 in order to receive them before the Citizens special shareholders meeting.

See Where You Can Find More Information About Glacier.

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**TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THIS DOCUMENT AND THE MERGER</u>	ii
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	6
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	7
<u>SELECTED HISTORICAL FINANCIAL INFORMATION OF GLACIER</u>	9
<u>HISTORICAL AND PRO FORMA PER SHARE DATA</u>	10
<u>COMPARATIVE STOCK PRICE AND DIVIDEND INFORMATION</u>	11
<u>CITIZENS DEVELOPMENT COMPANY SPECIAL SHAREHOLDERS MEETING</u>	11
<u>BACKGROUND OF AND REASONS FOR THE MERGER</u>	13
<u>THE MERGER</u>	21
<u>INFORMATION CONCERNING CITIZENS DEVELOPMENT COMPANY</u>	35
<u>DESCRIPTION OF GLACIER S CAPITAL STOCK</u>	39
<u>COMPARISON OF CERTAIN RIGHTS OF HOLDERS OF GLACIER AND CITIZENS DEVELOPMENT</u>	
<u>COMPANY COMMON STOCK</u>	40
<u>CERTAIN LEGAL MATTERS</u>	43
<u>EXPERTS</u>	43
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT GLACIER</u>	43
<u>APPENDIX A PLAN AND AGREEMENT OF MERGER</u>	
<u>APPENDIX B MONTANA STATUTES REGARDING DISSENTER S RIGHTS</u>	
<u>APPENDIX C OPINION OF FINANCIAL ADVISOR TO CITIZENS</u>	
<u>EXHIBIT 5</u>	
<u>EXHIBIT 8</u>	
<u>EXHIBIT 10.1</u>	
<u>EXHIBIT 10.2</u>	
<u>EXHIBIT 10.3</u>	
<u>EXHIBIT 10.4</u>	
<u>EXHIBIT 23.3</u>	
<u>EXHIBIT 23.4</u>	
<u>EXHIBIT 23.5</u>	
<u>EXHIBIT 99.1</u>	
<u>EXHIBIT 99.2</u>	

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THIS DOCUMENT AND THE MERGER**

**What is the purpose of this proxy statement/prospectus?**

This document serves as both a proxy statement of Citizens Development Company ( Citizens ) and a prospectus of Glacier Bancorp, Inc. ( Glacier ). As a proxy statement, it is being provided to you by Citizens because the board of directors of Citizens is soliciting your proxy to vote to approve the proposed merger of Citizens with and into Glacier. After the merger, Glacier will own the subsidiary banks of Citizens, which are referred to in this document as the Citizens Banks. As a prospectus, it is being provided to you by Glacier because Glacier is offering you shares of its common stock as partial consideration for your Citizens shares.

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

Under the terms of the Plan and Agreement of Merger, dated as of April 20, 2006, by and between Glacier and Citizens (the Merger Agreement ), Glacier will pay cash and issue shares of its common stock in exchange for all outstanding shares of Citizens common stock. The Merger Agreement provides that the total merger consideration will be \$77 million, plus a possible earnings adjustment in an amount equal to the amount of Citizens adjusted after tax-earnings from July 1, 2006 to the effective date of the merger. The total merger consideration may be reduced, if applicable, by the amount of any excess Citizens transaction fees as defined in the Merger Agreement. The total amount of stock that Glacier will be required to issue in the merger is fixed at 40% of the total merger consideration.

Based on the 471,473.15 Citizens shares that are currently outstanding, and assuming the \$77 million purchase price is not increased for the earnings adjustment or the decreased for excess transaction fees, the purchase price per Citizens share will be \$163.32.

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

Under the Merger Agreement, unless you provide a notice of dissent, you may elect to receive for your shares either:

all Glacier common stock (a Stock Election ), or

a combination of cash and Glacier common stock (a Combination Election ).

Both the Stock Election and the Combination Elections are subject to the allocation procedures described in this document. As a result, the mix of cash and Glacier common stock that you receive will not be known until five days prior to the effective date of the merger. See The Merger Allocation for a more detailed discussion of allocation procedures under the Merger Agreement.

**What happens if I elect to receive Glacier stock in the merger?**

If you make a Stock Election, you will receive shares of Glacier common stock in payment for your shares of Citizens. The exact number of Glacier shares that you will receive for each Citizens share will not be determined until five days prior to the closing of the merger, when the value of the Glacier stock is established as provided in the Merger Agreement.

**What happens if I elect to receive a combination of Glacier stock and cash in the merger?**

If you make a Combination Election, you will receive Glacier stock for that portion of your shares that will cause the total Glacier shares issued in the merger to equal 40% of the total merger consideration, (after taking into account the shares to be issued to those making Stock Elections), with the balance of your shares paid in cash. The percentage mix of cash and Glacier common stock will not be known until the effective date of the merger. However, under reasonable assumptions, it is anticipated that those making a Combination Election will receive 35% to 40% of the purchase price in shares of Glacier stock and 60% to 65% in cash. See The Merger Allocation.

**Table of Contents**

**What is the amount of cash and/or the number of shares of Glacier common stock that I will receive for my shares of Citizens common stock?**

The total merger consideration will not be determined until the effective date of the merger, because such consideration may be subject to the earnings adjustment described in this document, and the amount of any such earnings adjustment cannot be calculated until the effective date. The total merger consideration is also subject to possible reduction in the event of certain excess transaction fees as defined in the Merger Agreement. Additionally, the actual aggregate number of shares of Glacier common stock to be issued in the merger will not be determined until the fifth business day immediately prior to the effective date of the merger. As a result, the actual amount of cash and/or number of shares of Glacier common stock that you will receive for each of your Citizens shares will not be determined until shortly after the effective date of the merger. Those amounts will be determined based on a formula set forth in the Merger Agreement and described in this document, and once they are determined, those amounts will be made available on Glacier's website at [www.glacierbancorp.com](http://www.glacierbancorp.com).

**Will the value of the per share consideration that I receive be substantially equivalent regardless of which election I make?**

Yes. The formula that will be used to calculate the consideration is intended to substantially equalize the value of the consideration to be received for each share of Citizens common stock in the merger, as measured during the valuation period ending on the determination date, regardless of whether you make a Stock Election or a Combination Election. As the value of Glacier stock fluctuates with its trading price, however, the value of the Glacier stock you receive for a Citizens share likely will not be the exact same as the cash to be paid per share on any given day after the fifth business day preceding the merger (that is, after the Glacier value per share for the merger is established, as described elsewhere in this document).

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

We expect that for United States federal income tax purposes, the exchange of shares of Citizens common stock solely for shares of Glacier common stock generally will not cause you to recognize any taxable gain or loss. We also expect that if you receive a combination of cash and stock in exchange for your Citizens shares, you will be required to recognize any gain to the extent cash is received in the merger, and you will not be entitled to recognize any loss realized. If you receive solely cash in the merger, which will occur only if you exercise dissenters' rights, you will recognize any gain or loss realized on the disposition of your Citizens shares. We urge you to consult your tax adviser 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.

**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, except for shares of Glacier common stock received by persons who are deemed to be affiliates of Citizens as defined under applicable federal securities laws. See [The Merger](#) [Stock Resales by Citizens Affiliates](#).

**How do I elect the form of consideration I prefer to receive?**

A green election form with instructions for making your election as to the form of consideration you prefer to receive in the merger accompanies this proxy statement/prospectus. To make your election, you must submit a green election form to Glacier's exchange agent before 5:00 p.m. Mountain Time on July 13, 2006, which is the tenth (10<sup>th</sup>) business day after the date of the Citizens special meeting. The election procedures are described under [The Merger](#) [Election Procedure](#). **Note that you must enclose your Citizens stock certificate(s) with the green election form.**

**What is the deadline for receipt of my election form?**

The green election forms must be received by the exchange agent by 5:00 p.m., Mountain Time, on July 13, 2006.

**Table of Contents**

**May I change my election once it has been submitted?**

Yes. You may change your election so long as your new election is received by the exchange agent prior to 5:00 p.m. on July 13, 2006. To change your election, you must send the exchange agent a written notice revoking any election previously submitted. You may at that time provide a new election.

**What happens if I do not make an election prior to the deadline?**

If you fail to submit a valid green election form to the exchange agent prior to 5:00 p.m. Mountain Time on July 13, 2006, then you will be deemed to have made a Combination Election.

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

Citizens will hold a special meeting of its shareholders on Wednesday, June 28, 2006, at 4:00 p.m., at the offices of First Citizens Bank of Billings, 2812 First Avenue North, Billings, Montana.

**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 white envelope **as soon as possible** so that your shares will be represented at the special meeting.

**Why is my vote important?**

If you fail to vote, that will have the same effect as voting against approval of the Merger Agreement. Approval of the Merger Agreement requires the affirmative vote of at least two thirds (66 2/3%) of the Class A and Class B shares of Citizens common stock outstanding and entitled to vote at the special meeting. The directors of Citizens, the Presidents of the Citizens Banks, the John T. Vucurevich Living Trust (the Trust), the John T. Vucurevich Foundation (the Foundation) and the Presidents of the subsidiary banks of Citizens affiliated bank holding companies who are not also Citizens directors (collectively, the Voting Agreement Shareholders), beneficially own and have the right to vote 403,021.40 shares, representing 85.48% of the shares entitled to be voted at the meeting (constituting 79.5% of the outstanding Class A shares, and 86.1% of the outstanding Class B shares), and they have each agreed to vote for the merger.

**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.

**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 Citizens' secretary prior to the special meeting.

**Who may vote at the meeting?**

The board of directors of Citizens has set May 24, 2006, as the record date for the meeting. If you were the owner of Citizens common stock at the close of business on May 24, 2006, you may vote at the meeting.

## **Table of Contents**

### **When will the merger occur?**

We presently expect to complete the merger during the third quarter of 2006. The merger will occur after approval of the shareholders of Citizens is obtained and after the merger has received regulatory approval and the other conditions to the merger are satisfied or waived. Glacier and Citizens are working toward completing the merger as quickly as possible.

### **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.

### **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 white envelope as soon as possible** so that your shares can be voted at Citizens' special meeting of shareholders.

Additionally, **please complete, sign and date the green election form, and return it in the enclosed green envelope**, to Glacier's exchange agent before the close of business on July 13, 2006. **Note that your Citizens stock certificate(s) must be submitted together with the green election form.**

### **What if I choose not to read the incorporated documents?**

Information contained in a document that is incorporated by reference is part of this proxy statement/prospectus, unless it is superseded by information contained directly in this proxy statement/prospectus or in documents filed with the SEC after the date of this proxy statement/prospectus. Information that is incorporated from another document is considered to have been disclosed to you **whether or not you choose to read the document.**

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

You should review carefully our discussion of Risk Factors. You should also review the factors considered by the Citizens board of directors in approving the Merger Agreement. See The Merger Background of the Merger and Reasons for the Merger Citizens.

### **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:

Marcy Mutch  
Citizens Development Company

2812 1<sup>st</sup> Avenue North, Suite 324  
Billings, Montana 59101  
(406) 247-4269  
e-mail: mmutch@cdc-ubc.com

This proxy statement/prospectus does not cover any resale of the securities to be received by shareholders of Citizens upon consummation of the proposed merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any such resale.

**The date of this proxy statement/prospectus is May 26, 2006.**

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**Table of Contents**

**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. 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. Each item in the summary refers to the page in this proxy statement/prospectus where that subject is discussed in more detail.*

**Information About Glacier and Citizens**

**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 regional multi-bank holding company providing commercial banking services from 71 banking offices throughout Montana, Idaho, Wyoming, Utah and Washington. Glacier offers a wide range of banking products and services, including transaction and savings deposits, commercial, consumer and real estate loans, mortgage origination services, and retail brokerage services. Glacier serves individuals, small to medium-sized businesses, community organizations and public entities.

Glacier is the parent holding company of nine wholly owned subsidiary commercial banks: Glacier Bank; Mountain West Bank; First Security Bank of Missoula; Western Security Bank; First National Bank West; Big Sky Western Bank; Valley Bank of Helena; Glacier Bank of Whitefish; and Citizens Community Bank. Glacier is also the holding company of three financing subsidiaries.

As of March 31, 2006, Glacier had total assets of approximately \$3.8 billion, total net loans receivable and loans held for sale of approximately \$2.5 billion, total deposits of approximately \$2.7 billion and approximately \$344.4 million in shareholders equity. Glacier common stock trades on the Nasdaq National Market under the symbol GBCI.

Financial and other information regarding Glacier is set forth in Glacier's annual report on Form 10-K for the year ending December 31, 2005, and the quarterly report on Form 10-Q for the quarter ending March 31, 2006. Information regarding Glacier's executive officers and directors, as well as additional information, including executive compensation, certain relationships and related transactions, is set forth or incorporated by reference in Glacier's annual report on Form 10-K for the year ending December 31, 2005 and Glacier's proxy statement for its 2006 annual meeting of shareholders, and the Forms 8-K filed by Glacier and incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information About Glacier.

**Citizens Development Company**

2812 1<sup>st</sup> Avenue North, Suite 324  
Billings, Montana 59101  
(406) 247-4275

Citizens, headquartered in Billings, Montana, is a Montana corporation, initially incorporated in Montana in 1968. Citizens is a multi-bank holding company providing commercial banking services from 11 banking offices throughout Montana. Citizens offers a wide range of banking products and services, including transaction and savings deposits,

commercial, consumer and real estate loans, mortgage origination services, and retail brokerage services. Citizens serves individuals, small to medium-sized businesses, community organizations and public entities. Approximately 82% of the Company is owned by the Trust and related entities, with the balance owned primarily by current and former officers and directors of Citizens and its subsidiary banks.

Citizens is the parent holding company of five subsidiary commercial banks: First Citizens Bank of Billings; First National Bank of Lewistown; Citizens State Bank (Hamilton); First Citizens Bank, N.A. (Columbia Falls) and Western Bank of Chinook, N.A. (collectively, the Citizens Banks. ) The Citizens Banks have been in existence from 35 up to 100 years.

## **Table of Contents**

As of March 31, 2006, Citizens had total assets of approximately \$410 million, total net loans receivable and loans held for sale of approximately \$285 million, total deposits of approximately \$360 million and approximately \$36 million in shareholders' equity.

### **Citizens Will Merge into Glacier**

The Merger Agreement provides for the merger of Citizens with and into a newly formed wholly-owned subsidiary of Glacier. When the merger is effective, the Citizens Banks will become subsidiaries of Glacier. Glacier anticipates that following an initial transition period after the merger, the Citizens Banks will be merged into currently existing Glacier banks, based on geographic location.

In the merger, your shares of Citizens common stock will be exchanged for shares of Glacier common stock or a combination of cash and Glacier common stock. After the merger, you will no longer own shares of Citizens.

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

### **Citizens Special Meeting**

The special meeting of shareholders of Citizens will be held at the offices of First Citizens Bank of Billings, 2812 First Avenue North, Billings, Montana, on Wednesday, June 28, 2006 at 4:00 p.m., local time. At the meeting you will be asked to consider and vote upon a proposal to approve the Merger Agreement and consider and act upon such other matters as may properly come before the meeting or any adjournment of the meeting.

You will be entitled to vote at the Citizens special meeting if you owned Citizens common stock at the close of business on May 24, 2006. As of that date there were 471,473.15 shares of Citizens Class A and Class B common stock entitled to be voted at the special meeting (43,151.33 Class A shares and 428,321.82 Class B shares).

### **Approval of the Merger Agreement Requires the Affirmative Vote of Two Thirds (66 $\frac{2}{3}$ %) of the Shares of Citizens Common Stock that Are Outstanding and Entitled to Vote**

In order to approve the Merger Agreement, at least two thirds (66 $\frac{2}{3}$ %) of the outstanding shares of each of Citizens Class A and Class B common stock outstanding and entitled to vote as of the record date, voting as separate groups, must be voted at the special meeting in favor of approval. Glacier's shareholders do not have to vote on the transaction.

As of the record date for the meeting, the Voting Agreement Shareholders beneficially owned approximately 85.48% of the outstanding shares of Citizens common stock. This amount constitutes 79.5% of the outstanding shares of Class A common stock of Citizens and 86.1% of the outstanding shares of Class B common stock of Citizens. The Voting Agreement Shareholders of Citizens have agreed to vote their shares in favor of approval of the Merger Agreement.

### **What Citizens Shareholders Will Receive in the Merger**

Under the Merger Agreement, Glacier will issue shares of its common stock and pay cash for all shares of Citizens common stock outstanding as of the date of the Merger Agreement. The total merger consideration that Glacier will pay will be \$77 million, less the amount of any specified excess transaction fees and plus the amount of any earnings adjustment. The total merger consideration will be paid in cash and in shares of Glacier common stock. The total dollar value of Glacier common stock that Glacier will issue in the merger is fixed at 40% of the total merger consideration.

If you do not provide notice of dissent, you may elect to receive in exchange for each of your shares of Citizens common stock either (1) all shares of Glacier common stock, or (2) a combination of cash, without interest, and shares of Glacier common stock. In the either case, the percentage of Glacier common stock and cash that you receive will be subject to the allocation procedures described in this document.

The total merger consideration that Glacier will pay for the shares of Citizens shares will be equal to (i) \$77 million, plus (ii) the amount of the earnings adjustment, if applicable. The Merger Agreement provides that

## **Table of Contents**

the base merger consideration of \$77 million will be reduced by the amount that Citizens' transaction fees in connection with the merger exceed \$810,000. Subject to certain conditions set forth in the Merger Agreement, the earnings adjustment is an amount equal to the amount of Citizens' adjusted consolidated after-tax earnings from July 1, 2006 to the effective date of the merger.

The actual aggregate number of shares of Glacier common stock to be issued in the merger cannot be determined until the fifth business day immediately prior to the effective date of the merger. The actual amount of cash and/or Glacier common stock that you will receive for each of your Citizens shares will not be determined until shortly after the effective date of the merger. Those amounts will be determined based on a formula set forth in the Merger Agreement and described under the heading "The Merger – Merger Consideration."

The formula is intended to substantially equalize the value of the consideration to be received for each share of Citizens common stock, as measured during the valuation period ending on the determination date, regardless of whether you make a Stock Election or a Combination Election.

The actual amounts received will depend on (i) the total merger consideration payable by Glacier under the Merger Agreement and (ii) the average closing price of Glacier common stock as of the determination date. Actual values of Glacier common stock received will depend on the market price of Glacier common stock at the time of the merger.

**The allocation of cash and Glacier stock that you will receive if you make either the Stock Election or the Combination Election will be subject to the allocation procedures described under the heading "The Merger – Allocation."**

### **You May Elect to Receive Stock Consideration or a Combination of Stock and Cash**

In the merger, if you do not provide a notice of dissent, you may elect to receive in exchange for your shares either:

all Glacier common stock (a "Stock Election"), or

a combination of cash and Glacier common stock (a "Combination Election").

If you perfect your dissenters' rights, you will receive cash for your shares as provided under the applicable provisions of Montana law. See "The Merger – Dissenters' Rights of Appraisal" and "The Merger – Allocation."

With this proxy statement/prospectus, you will receive a green election form with instructions for making your election as to the form of consideration that you prefer to receive in the merger. The available elections, election procedures and deadline for making elections are described under the heading "The Merger – Election Procedure." If you fail to submit a valid green election form by the election deadline, you will be deemed to have made a Combination Election. **You must submit your Citizens stock certificates together with the green election form.**

As described under "The Merger – Allocation," because the dollar value of Glacier common stock that will be issued in the merger is fixed at 40% of the total merger consideration, and because the number of Citizens shareholders who will choose to make Stock Elections is not currently known, the percentage of Glacier common stock and cash that you will receive if you make the Combination Election cannot be determined until the effective date of the merger.

### **Certain Federal Income Tax Consequences**

Neither Citizens nor Glacier is required to complete the merger unless each of them receives a legal opinion of Glacier's counsel that the merger will be treated as a reorganization for federal income tax purposes. Assuming such



opinion is received, we expect that for United States federal income tax purposes, Citizens shareholders generally will not recognize any gain or loss on the conversion of shares of Citizens common stock into shares of Glacier common stock (although the receipt of any cash will be a taxable event). This tax treatment may not apply to some Citizens shareholders. Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors not within our control. You should consult your own tax advisor for a full understanding of the merger's tax consequences to you.

## **Table of Contents**

### **Citizens Shareholders Have Dissenters' Rights**

Under Montana law, Citizens shareholders have the right to dissent from the merger and receive cash for the fair value of their shares of Citizens common stock. A shareholder electing to dissent must strictly comply with all the procedures required by Montana law. These procedures are described later in this document, and a copy of the relevant portions of Montana law is attached as **Appendix B**.

### **The Citizens Board of Directors Recommends Shareholder Approval of the Merger**

The Citizens board of directors believes that the merger is in the best interests of the Citizens shareholders and has unanimously approved the Merger Agreement. The Citizens board of directors recommends that Citizens shareholders vote FOR approval of the Merger Agreement.

### **Citizens Financial Advisor Says the Merger Consideration is Fair to Citizens Shareholders From a Financial Point of View**

Hovde Financial, Inc. has served as financial advisor to Citizens in connection with the merger and has given an opinion to Citizens' board of directors that, as of April 18, 2006, the consideration that Citizens shareholders will receive for their Citizens shares in the merger is fair, from a financial point of view, to Citizens shareholders. A copy of the opinion delivered by Hovde is attached to this document as **Appendix C**. Citizens shareholders should read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by Hovde in providing its opinion. The opinion is more fully described under the heading Opinion of Financial Advisor to Citizens below. Citizens agreed to pay Hovde a fee for its services and indemnify Hovde against certain liabilities arising out of the merger or Hovde's engagement.

### **Citizens Officers and Directors Have Interests in the Merger that Are Different from or in Addition to Their Interests as Shareholders**

Certain members of Citizens management have interests in the merger that are different from, or in addition to, their interests as Citizens shareholders. These interests arise out of existing agreements that they have entered into with Citizens, provisions in the Merger Agreement relating to indemnification of certain directors, and, in the case of the chief executive officers of the Citizens Banks, employment agreements that will take effect upon consummation of the merger. See The Merger Interests of Certain Persons in the Merger.

The Citizens board of directors was aware of these interests and took them into account in its decision to approve the Merger Agreement.

### **The Merger Is Expected to Occur in the Third Quarter of 2006**

Currently, we anticipate that the merger will occur in the third quarter of 2006. However, we cannot assure you when or if the merger will occur.

### **Completion of the Merger Is Subject to Satisfaction or Waiver of Certain Conditions**

Completion of the merger is subject to the satisfaction or waiver of certain conditions including, among others:

approval of the Merger Agreement by shareholders holding at least two thirds (66 $\frac{2}{3}$ %) of the outstanding shares of Citizens Class A and Class B common stock that are outstanding and entitled to vote;

approval of the merger by federal and state regulatory authorities;

accuracy of the other party's representations in the Merger Agreement; and

compliance by the other party with all material terms, covenants and conditions of the Merger Agreement.

The Merger Agreement provides that either Glacier or Citizens may terminate the merger either before or after the Citizens special meeting, under certain circumstances. Among other things, the merger may be terminated under certain circumstances if the average closing price of Glacier common stock during the valuation period either exceeds or is lower than specified amounts. See [The Merger](#) Termination of the Merger Agreement.

**Table of Contents**

**We May Not Complete the Merger Without All Required Regulatory Approvals**

The merger must be approved by the Federal Reserve and the Montana banking regulators. We have filed applications with these regulatory bodies seeking such approval. We expect to obtain all such regulatory approvals, although we cannot be certain if or when we will obtain them.

**Either Citizens or Glacier, as the Case May Be, Must Pay a Termination Fee Under Certain Circumstances**