

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 8, 2000

REGISTRATION NO. 333-\_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549FORM S-8  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933GLACIER BANCORP, INC.  
(Exact name of registrant as specified in its charter)DELAWARE  
(State or other jurisdiction of  
incorporation or organization)81-0519541  
(I.R.S. employer identification  
no.)P.O. BOX 27, 49 COMMONS LOOP, KALISPELL, MONTANA 59903-0027  
406) 756-4200(Address, including zip code, and telephone number,  
including area code, of registrant's principal  
executive offices)MOUNTAIN WEST BANK RESTATED STOCK OPTION PLAN  
(Full title of plan)

## Copies of communications to:

STEPHEN M. KLEIN, ESQ.  
Graham & Dunn P.C.  
1420 Fifth Avenue, 33rd Floor  
Seattle, Washington 98101  
(206) 340-9648MICHAEL J. BLODNICK  
P. O. Box 27  
49 Commons Loop  
Kalispell, Montana 59903-0027  
(406) 756-4200

## CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common shares, \$.01 par value	(2)135,731	\$14.69	\$1,993,888	\$526.39

## Notes:

- Estimated solely for the purpose of calculating the amount of the registration fee. Pursuant to Rule 457(c) under the Securities Act of 1933, as amended ("Securities Act"), the price per share is estimated to be \$14.69 based upon the average of the high (\$15.25) and the low (\$14.125) trading prices of the common stock, \$.01 par value per share ("Common Stock") of Glacier Bancorp, Inc. (the "Registrant") as reported on the Nasdaq Stock Market on May 4, 2000.
- Shares of Registrant's Common Stock issuable upon exercise of options outstanding under the Mountain West Bank Restated Stock Option Plan (the "Plan"), together with an indeterminate number of additional shares which may be necessary to adjust the number of shares reserved for issuance under the Plan as a result of any future stock split, stock dividend or similar adjustment of the outstanding Common Stock, as provided in Rule 416(a) under the Securities Act.

## PART II. INFORMATION REQUIRED IN REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The documents listed below are incorporated by reference in the Registration Statement. In addition, all documents subsequently filed by Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act") prior to Registrant's filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents.

(a) The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, filed pursuant to Section 13(a) or 15(d) of the Exchange Act, which contains audited financial statements for the most recent fiscal year for which such statements have been filed.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Annual Report on Form 10-K referred to in (a) above.

(c) The description of the Common Shares contained in the Proxy Statement/Prospectus dated December 17, 1999 and included in the Registration Statement on Form S-4 (Registration No. 333-90701) filed by Bancorp on November 10, 1999, including any amendments or reports filed for the purpose of updating such description.

## ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

## ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

The validity of the shares offered pursuant to the Plan will be passed upon by Graham & Dunn, PC, 1420 Fifth Avenue, 33rd Floor, Seattle, Washington 98101.

## ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation--a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any

indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's charter, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Article VI of Glacier Bancorp, Inc.'s ("Glacier") Bylaws requires the indemnification of any person made or threatened to be made party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Registrant or any predecessor of the Registrant, or is or was serving at the request of the Registrant or any predecessor of the Registrant as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement in connection with such action, suit or proceeding to the fullest extent authorized under Section 145 of the DGCL; provided however, that the Registrant will not be liable for any amounts due in connection with a settlement of any action, suit or proceeding effected without the Registrant's prior written consent, or any action, suit or proceeding initiated by any person seeking indemnification pursuant to the Bylaws without the prior written consent of the Registrant.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for (i) any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) payments of unlawful dividends or unlawful stock repurchases or redemptions, or (iv) any transaction from which the director derived an improper personal benefit.

Article 8 of Glacier's Certificate of Incorporation provides that the personal liability of the Registrant's directors and officers for monetary damages shall be eliminated to the fullest extent permitted by the DGCL as it exists or may thereafter be in effect. Any amendment to, modification or repeal of such Article 8 shall not adversely affect the rights provided thereby with respect to any claim, issue or matter in any proceeding that is based in any respect on any alleged action or failure to act prior to any such amendment, modification or repeal.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

## ITEM 8. EXHIBITS.

Exhibit Number	Description
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5.1	Opinion of Graham & Dunn, P.C., Registrant's legal counsel, regarding legality of the Common Stock being registered.
23.1	Consent of Graham & Dunn (included in Exhibit 5.1).
23.2	Consent of KPMG LLP.
24.1	Powers of Attorney (see the Signature Page and certified resolutions of the Registrant's Board of Directors).
99.1	Mountain West Bank Restated Stock Option Plan.
99.2	Plan and Agreement and Merger among Registrant, Mountain West Bank and New Mountain West Bank, dated as of September 9, 1999(1).

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 (1) Incorporated by referenced from Exhibit 2.1, to Registrant's Registration Statement on Form S-4 (Registration No. 333-90701)

## ITEM 9. UNDERTAKINGS.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the Registration Statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kalispell, State of Montana, on the 26th day of April, 2000.

GLACIER BANCORP, INC.

By /s/ Michael J. Blodnick

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Michael J. Blodnick  
President and Chief Executive Officer

## POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Michael J. Blodnick and James H. Strosahl, and each of them, with full power of substitution and full power to act without the other, as his true and lawful attorney-in-fact and agent to act in his name, place and stead, and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Registration Statement, including any and all post-effective amendments.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities indicated, on the 26th day of April, 2000.

Signature -----	Title -----
/s/ Michael J. Blodnick ----- Michael J. Blodnick	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ James H. Strosahl ----- James H. Strosahl	Executive Vice President and CFO (Principal Financial and Accounting Officer)
/s/ John S. MacMillan ----- John S. MacMillan	Chairman of the Board

- ----- William L. Bouchee	Director
- ----- Allen J. Fetscher	Director
/s/ Fred J. Flanders - ----- Fred J. Flanders	Director
/s/ Jon W. Hippler - ----- Jon W. Hippler	Director
- ----- L. Peter Larson	Director
/s/ F. Charles Mercord - ----- F. Charles Mercord	Director
/s/ Everit A. Sliter - ----- Everit A. Sliter	Director
/s/ Harold A. Tutvedt - ----- Harold A. Tutvedt	Director

## INDEX OF EXHIBITS

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23.2	Consent of KPMG LLP.
24.1	Powers of Attorney (see the Signature Page and certified resolutions of the Registrant's Board of Directors).
99.1	Mountain West Bank Restated Stock Option Plan.
99.2	Plan and Agreement and Merger among Registrant, Mountain West Bank and New Mountain West Bank, dated as of September 9, 1999(1).

- - - - -  
(1) Incorporated by referenced from Exhibit 2.1, to Registrant's Registration Statement on Form S-4 (Registration No. 333-90701)



May 5, 2000

The Board of Directors  
Glacier Bancorp, Inc.  
47 Commons Loop  
Kalispell, Montana 59903-0027

RE: LEGAL OPINION REGARDING VALIDITY OF SECURITIES OFFERED

Gentlemen:

We have acted as counsel to you in connection with the preparation of a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), which you are filing with the Securities and Exchange Commission (the "Commission") with respect to 135,731 shares of common stock, \$.01 par value per share (the "Shares"), of Glacier Bancorp, Inc., a Delaware corporation ("Glacier") authorized for issuance, pursuant to the terms of the Plan and Agreement of Merger among Glacier, Mountain West Bank and New Mountain West Bank, dated as of September 9, 1999 (the "Merger Agreement"), upon exercise of options granted under the Mountain West Bank Restated Stock Option Plan (the "Plan").

In connection with the offering of the Shares, we have examined the following: (i) the Plan, which is filed as Exhibit 99.1 to the Registration Statement; (ii) the Registration Statement, including the remainder of the exhibits; (iii) the Merger Agreement; and (iv) such other documents as we have deemed necessary to form the opinions hereinafter expressed. As to various questions of fact material to such opinions, where relevant facts were not independently established, we have relied upon statements of officers of.

Our opinion assumes that the Shares are issued in accordance with the terms of the Plan and the Merger Agreement after the Registration Statement has become effective under the Act.

Based upon and subject to the foregoing, we are of the opinion that the Shares, or any portion of the Shares, have been duly authorized and that, upon the due execution by Glacier and the registration by its registrar of the Shares, issuance by Glacier and receipt of the consideration for the Shares, consistent with the terms of the Plan and the Merger Agreement, the Shares will be validly issued, fully paid, and nonassessable.

Glacier Bancorp, Inc.

May 5, 2000

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We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. This consent shall not be construed to cause us to be in the category of persons whose consent is required to be filed pursuant to Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

GRAHAM & DUNN PC

## Independent Auditors' Consent

The Board of Directors  
Glacier Bancorp, Inc.:

We consent to incorporation by reference in the registration statement on Form S-8 to be filed on May 5, 2000 of our report dated January 28, 2000 relating to the consolidated statements of financial condition of Glacier Bancorp, Inc. and subsidiaries as of December 31, 1999 and 1998 and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 1999, which report appears in the December 31, 1999 annual report on Form 10-K of Glacier Bancorp, Inc.

MOUNTAIN WEST BANK  
RESTATED STOCK OPTION PLAN

JULY 1999

Section I.  
GENERAL PROVISIONS

1. PURPOSES OF PLAN. The purposes of this Stock Option Plan ("Plan") of MOUNTAIN WEST BANK ("Bank") are to (a) provide the officers, directors, and key employees of the Bank with an opportunity for investment in the Two and 50/100 Dollar (\$2.50) par value common shares ("Common Shares"); (b) closely associate the interests of the management of the Bank with the shareholders by reinforcing the relationship between participants' rewards, and shareholder gains; (c) provide management with an equity ownership in the Bank commensurate with the Bank's performance; and (d) provide an incentive to management for continuous employment with the Bank.

2. EFFECTIVE DATE AND TERMINATION OF PLAN. The effective date of the Plan is April 22, 1994, the date on which the Plan was adopted by the Board of Directors of the Bank, but the Plan is subject to the approval of the shareholders of the Bank. The Plan was timely approved by a majority vote of the shareholders of the Bank. The Plan will terminate on April 21, 2004. No option for the purchase of Common Shares of the Bank shall be granted after the termination date of this Plan.

3. ADMINISTRATION OF PLAN. The plan shall be administered by a Stock Option Committee of not less than three Directors of the Bank (hereinafter referred to as the "Committee"), appointed by the Board of Directors. Members of the Committee shall serve at the pleasure of the Board of Directors. Vacancies occurring in the membership of the Committee shall be filled by appointment by the Board of Directors. No member of the Committee, while serving as such, shall be eligible to receive any option described under Section II hereunder, although membership on the Committee shall not affect or impair any such member's rights under any option granted to him at a time when he was not a member of the Committee. The Committee shall keep minutes of its meetings. A majority of the Committee shall constitute a quorum thereof and the acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee. The Committee can only issue options as described herein. At no time shall the total number of shares underlying options exceed the amounts indicated in Section II.2 or Section III.1.

4. NONTRANSFERABILITY OF OPTION. Each option granted under the Plan shall, by its terms, be nontransferable by the optionee except by will or the laws of descent and distribution, and each option shall be exercisable during the optionee's lifetime only by the optionee.

5. OTHER TERMS OF OPTIONS. Options granted pursuant to the Plan shall contain such other terms, provisions, and conditions not inconsistent herewith as shall be determined by the Committee.

6. ADJUSTMENTS. In the event of a reorganization, recapitalization, exchange of shares, stock split, spinoff, stock dividend, stock merger, consolidation, or any other change in

the corporate structure or shares of capital stock of the Bank, the Committee shall make such adjustment as it deems appropriate in the number and kind of shares subject to the option or the option price; provided, however, that no such adjustment shall give the optionee any additional benefits under the option.

7. INTERPRETATION. The Board of Directors may make such rules and regulations and establish such procedure for the administration of the Plan as it deems appropriate. In the event of any dispute or disagreements as to the interpretation of this Plan or of any rule, regulation, or procedure, or as to any question, right, or obligation arising from or related to the Plan, the decision of the Board of Directors shall be final and binding upon all persons.

8. NOTICES. All notices under the Plan shall be in writing and, if to the Bank, shall be delivered to the Treasurer of the Bank or mailed to its principal office, P.O. Box 1059, Coeur d'Alene, Idaho, 83816-1059, addressed to the attention of the Treasurer; and, if to the optionee, shall be delivered personally or mailed to the optionee at the address appearing in the payroll records of the Bank or a subsidiary. Such addresses may be changed at any time by written notice to the other party.

9. RIGHT TO TERMINATE EMPLOYMENT. Nothing in the Plan or in any agreement entered into pursuant to the Plan shall confer upon any participant the right to continue in the employment of the Bank or affect any right which the Bank may have to terminate the employment of such participant.

10. AMENDMENT OF PLAN. The Committee may, without further action by the shareholders and without receiving further consideration from the participants, amend this Plan or condition or modify awards under this Plan in response to changes in securities, banking, or other laws or rules, regulations, or regulatory interpretations thereof applicable to this Plan. The Committee may at any time and from time to time terminate or modify or amend the Plan in any respect, except that without shareholder approval the Committee may not (a) increase the maximum number of Common Shares which may be issued under the Plan as provided in Paragraph II.2 and III.1 or the number of Common Shares that may be issued to Directors under Paragraph III.1; (b) extend the period during which any award may be granted or exercised; or (c) extend the term of the Plan.

## Section II. INCENTIVE STOCK OPTIONS

1. AWARD OF STOCK OPTIONS. Subject to the provisions of the Plan, the Committee shall determine and designate from time to time those officers and key employees of the Bank, including directors who are full-time officers of the Bank or a subsidiary, to whom one or more "incentive stock options" (intended to qualify as such under the provision of Section 422 of the Internal Revenue Code of 1986, as amended) ("Incentive Stock Options") to purchase for cash the number of Common Shares allotted by the Committee. In determining the eligibility of an individual to receive an Incentive Stock Option, as well as in determining the number of shares to be optioned to any individual, the Committee shall consider the position and responsibilities of the employee being considered, the nature and value to the Bank or a subsidiary of the employee's services and accomplishments, the employee's present and potential contribution to the success of the Bank or its subsidiaries, and such other factors as the Committee may deem relevant. The determinations made by the Committee need not be uniform and may be made by

it selectively among person who receive or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated. The grant of each Incentive Stock Option shall be confirmed by a Stock Option Agreement in the form prescribed by the Committee between the Bank and the optionee as promptly as practicable after such grant.

2. NUMBER OF SHARES SUBJECT TO OPTIONS. The Board of Directors, prior to the time Incentive Stock Options under the Plan become exercisable, shall reserve for the purposes of the Incentive Stock Option Plan a total of eight-four thousand (84,000) of the authorized but unissued Common Shares (or the number and kind of Common Shares or other securities which, in accordance with Paragraph 1.6 hereof, shall be substituted for such shares), provided that any shares as to which an Incentive Stock Option granted under the Plan shall remain unexercised at the expiration thereof may be the subject of the grant of further Incentive Stock Options.

3. OPTION PRICE. The option price per Common Share shall be determined in each case by the Committee but shall be not less than one hundred percent (100%) of the fair market value thereof on the date the Incentive Stock Option is granted. In the case of an Incentive Stock Option granted to a person then owning more than ten percent (10%) of the voting power of the Bank, considering for this purpose shares of all classes of the Bank's stock, the option price per Common Share as determined by the Committee shall be not less than one hundred ten percent (110%) of the fair market value thereof on the date the Incentive Stock Option is granted. Fair market value shall be determined by the Committee using a reasonable valuation method.

4. 100,000 LIMITATION. The aggregate fair market value (determined on the date the Incentive Stock Option is granted) of Common Shares subject to an Incentive Stock Option granted to an optionee by the Committee in any calendar year shall not exceed One Hundred Thousand Dollars (\$100,000.00).

5. PERIOD OF OPTION AND WHEN EXERCISABLE. An Incentive Stock Option may be exercised at any time during a period of ten (10) years from the date of grant. Provided, however, no Incentive Stock Option that is granted to an individual who then owns more than ten percent (10%) of the combined voting power of all of the Bank's outstanding shares may be exercised after the expiration of five (5) years from the date the Incentive Stock Option is granted. An option may only be exercised by the optionee during the term of the option, provided that (a) an Incentive Stock Option will terminate ninety (90) days after the date of termination of employment of the optionee with the Bank or a subsidiary, which termination is for any reason (other than death), whether voluntary or involuntary, or whether due to retirement or physical disability; and (b) an Incentive Stock Option will terminate twelve (12) months after the death of an optionee. Following an optionee's death, an Incentive Stock Option may be exercised by the person or persons entitled to do so under the optionee's Will or, if the optionee shall have failed to make testamentary disposition of such Incentive Stock Option or shall have died intestate, by the optionee's legal representative or representatives. Such person, persons, representative, or representatives are hereinafter referred to as the Successors of an optionee. Nothing herein shall be construed as extending the term of any Incentive Stock Option granted hereunder.

6. EXERCISE BY OPTIONEE AND PAYMENT IN FULL. Subject to the provisions of paragraph II.5, an Incentive Stock Option may be exercised, and payment in full of the Incentive Stock Option price made, by an optionee only by written notice (in the form prescribed by the Committee) to the Bank and specifying the number of shares to be purchased. Such notice shall

state that the option price will be paid in full in cash. As soon as practicable after receipt by the Bank of such notice and of payment in full of the option price of all the shares with respect to which an Incentive Stock Option has been exercised, a certificate or certificates representing such shares shall be registered in the name or names specified by the optionee in such notice and shall be delivered to the optionee.

7. APPLICABILITY OF OTHER PARAGRAPHS. Paragraphs 4, 5 and 6 of Section I shall apply to Incentive Stock Options. Said paragraphs are incorporated by reference in this Section II as though fully set forth herein.

### Section III. DIRECTORS' OPTIONS

1. OPTIONS GRANTED TO DIRECTORS. The options granted to Directors hereunder shall be referred to as "Directors' Options." The Board of Directors, prior to the time the Directors' Options become exercisable, shall reserve for the purposes of the Directors' Options a total of thirty-six thousand (36,000) of the authorized by unissued Common Shares (or the number and kind of Common Shares or other securities which, in accordance with paragraph 1.6 hereof, shall be substituted for such shares), provided that any shares as to which a Directors' Option shall remain unexercised at the expiration thereof may be the subject of the grant of further Directors' Options.

The exact number of Common Shares subject to options granted to Directors thereafter shall be determined by the Committee, but in no event shall a Director be granted options representing more than four thousand (4,000) shares in total, subject to adjustment in accordance with the provisions of paragraph 1.6. Directors who are full-time officers of the Bank shall not be eligible to receive Directors' Options.

2. TERM OF OPTIONS. The Directors' Options shall have a term of up to ten (10) years from the date of grant hereof, with the exact term determined by the Committee. The Directors' Options may be exercised by the optionee during the term of the Option provided that (a) a Directors' Option will terminate ninety (90) days after the date the Optionee ceases to be a director of the Bank for any reason, other than death, and (b) a Directors' Option will terminate twelve (12) months after the death of an optionee. Following the death of an optionee, a Directors' Option may be exercised by the optionee's estate, or by a person who acquires the right to exercise the Directors' Option by bequest or inheritance or by reason of the death of the optionee, provided that such exercise occurs with the remaining effective term of the option and one year after the optionee's death.

3. STOCK OPTION PRICE. The option price for Common Shares underlying Directors' Options shall be determined in each case by the Committee but shall be not less than one hundred percent (100%) of the fair market value thereof on the date the option is granted.

4. STOCK OPTION AGREEMENT. The grant of a Directors' Option shall be evidenced by a written Stock Option Agreement in such form as the Committee may from time to time determine and which complies with the requirements of this Plan.

5. APPLICABILITY OF OTHER PARAGRAPHS. Paragraphs 4, 5 and 6 of Section I shall apply to Directors' Options. Said Paragraphs are incorporated by reference in this Section III as though fully set forth herein.

As amended July 15,1999