



GLACIER BANCORP, INC

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TT&L
009

Handwritten signature and date: 8/20/99

August 23, 1999

Cynthia L. Johnson, Director
Cash Management Policy and Planning Division
Financial Management Service, Room 420
401 14th Street SW,
Washington, D.C. 20227

Re: Proposed amendment to Treasury Tax and Loan Rate of Interest

Dear Ms Johnson;

If the proposed change in the interest rate to be charged on TT&L depository note balance, direct investment, and special direct investment programs is adopted our subsidiary banks will drop from the program and use the remittance option on deposits.

The benefit to using the note option for TT&L deposits; and the direct investment program has been the less expensive fed funds minus 25 basis points interest rate. If the rate is increased to a rate that approximates the fed funds rate the benefit to participation is largely lost. With the volatility in the amount of funds placed with our banks through the direct investment program, and the need to maintain collateral sufficient to cover the maximum balance we might hold at any time, we find the loss of use of collateral for other purposes a definite drawback to participation. If the interest rate no longer is sufficiently attractive the disadvantages outweigh the benefits.

If a different index is desired we believe it should be at a level that approximates the current fed funds minus 25 basis points.

Sincerely,

James H. Strosahl

James H. Strosahl
Executive Vice President and CFO