Hanesbrands Inc.
Form SC 13G/A
March 10, 2011

SCHEDULE 13G

Amendment No. 4
HANESBRANDS INC
Common Stock
Cusip #410345102

Cusip #410345102
Item 1: Reporting Person - FMR LLC
Item 4: Delaware
Item 5: 2,210
Item 6: 0
Item 7: 3,030,668
Item 8: 0
Item 9: 3,030,668
Item 11: 3.145%
Item 12: HC

Cusip #410345102
Item 1: Reporting Person - Edward C. Johnson 3d
Item 4: United States of America
Item 5: 0
Item 6: 0
Item 7: 3,030,668
Item 8: 0
Item 9: 3,030,668
Item 11: 3.145%
Item 12: IN

SCHEDULE 13G - TO BE INCLUDED IN STATEMENTS
FILED PURSUANT TO RULE 13d-1(b) or 13d-2(b)

Item 1(a). Name of Issuer:

HANESBRANDS INC

Item 1(b). Name of Issuer's Principal Executive Offices:

1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105

Item 2(a). Name of Person Filing:

FMR LLC

Item 2(b). Address or Principal Business Office or, if None, Residence:

82 Devonshire Street, Boston,

Massachusetts 02109

Item 2(c). Citizenship:

Not applicable

Item 2(d). Title of Class of Securities:

Common Stock

Item 2(e). CUSIP Number:

410345102

Item 3. This statement is filed pursuant to Rule 13d-1(b) or 13d-2(b) and the person filing, FMR LLC, is a parent holding company in accordance with Section 240.13d-1(b)(ii)(G). (Note: See Item 7).

Item 4. Ownership

(a) Amount Beneficially Owned: 3,030,668

(b) Percent of Class: 3.145%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 2,210

(ii) shared power to vote or to direct the vote: 0

(iii) sole power to dispose or to direct the disposition of: 3,030,668

(iv) shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof, the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following (X).

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

See attached Exhibit A.

Item 8. Identification and Classification of Members of the Group.

Not applicable. See attached Exhibit A.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Inasmuch as the reporting persons are no longer the beneficial owners of more than five percent of the number of shares outstanding, the reporting persons have no further reporting obligation under Section 13(d) of the Securities and Exchange Commission thereunder, and the reporting persons have no obligation to amend this Statement if any material change occurs in the facts set forth herein.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

March 09, 2011
Date

/s/ Scott C. Goebel
Signature

Scott C. Goebel
Duly authorized under Power of Attorney
effective as of June 1, 2008 by and on behalf of FMR LLC
and its direct and indirect subsidiaries

SCHEDULE 13G - TO BE INCLUDED IN
STATEMENTS
FILED PURSUANT TO RULE 13d-1(b) or 13d-2(b)

Pursuant to the instructions in Item 7 of Schedule 13G, Fidelity Management & Research Company ("Fidelity"), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,029,458 shares or 3.144% of the Common Stock outstanding of HANESBRANDS INC ("the Company") as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the 3,029,458 shares owned by the Funds.

Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees.

Strategic Advisers, Inc., 82 Devonshire Street, Boston, MA 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, provides investment advisory services to individuals. As such, FMR LLC's beneficial ownership includes 1,210 shares, or 0.001%, of the Common Stock outstanding of HANESBRANDS INC, beneficially owned through Strategic Advisers, Inc.

SCHEDULE 13G - TO BE INCLUDED IN STATEMENTS
FILED PURSUANT TO RULE 13d-1(b) or 13d-2(b)
RULE 13d-1(f)(1) AGREEMENT

The undersigned persons, on March 09, 2011, agree and consent to the joint filing on their behalf of this Schedule 13G in connection with their beneficial ownership of the Common Stock of HANESBRANDS INC at February 28, 2011.

FMR LLC

By /s/ Scott C. Goebel
Scott C. Goebel
Duly authorized under Power of Attorney effective as of June 1, 2008, by and on behalf of FMR LLC and its direct and indirect subsidiaries

Edward C. Johnson 3d

By /s/ Scott C. Goebel
Scott C. Goebel
Duly authorized under Power of Attorney effective as of June 1, 2008, by and on behalf of Edward C. Johnson 3d

Fidelity Management & Research Company

By /s/ Scott C. Goebel
Scott C. Goebel
Senior V.P. and General Counsel

. Deferred fee income on commercial, real estate and consumer loans also improved, offsetting decreases in fees generated by mortgage banking activity.

Increases in other income for both the three-month and nine-month periods ending September 30, 2004 also reflected improvement in investment referrals and merchant credit card acceptance fees, and increases in fees from the servicing of bank deposits securing credit cards. This line of business was included as part of the acquisition of Orchard Bank in January 2003.

Operating Expenses. Operating expenses were $5.1 million and $4.3 million for the three months ended September 30, 2004 and 2003, respectively. Operating expenses were $14.3 million and $11.9 million for the nine months ended September 30, 2004 and 2003, respectively. The higher level of operating expenses was primarily a result of expanded staffing and fixed asset depreciation to support continued loan and deposit growth and increases in market share, particularly in the bank s newer markets. InterMountain also incurred additional expenses in the second and third quarters of 2004 related to upgrading its core data and item processing technology. In doing so, the company purchased substantial new hardware and software, terminated some existing technology contracts and incurred significant training and overtime expenses. In addition, the company incurred legal and professional fees related to its June 2004 filing as a public reporting company with the Securities and Exchange Commission.

Salaries and employee benefits were $3.1 million and $2.6 million for the three months ended September 30, 2004 and 2003, respectively. Salaries and employee benefits were $8.4 million and $7.3 million for the nine months ended September 30, 2004 and 2003, respectively. The employee costs reflected increased branch staffing, increased mortgage banking staff and additional administrative staff as a result of continued new branch growth and expansion. At September 30, 2004, full-time-equivalent employees were 227, compared with 201 at September 30, 2003.

Occupancy expenses were $768 thousand and $748 thousand for the three months ended September 30, 2004 and 2003, respectively. Occupancy expenses were $2.0 million and $1.8 million for the nine months ended September 30, 2004 and 2003, respectively. The increase was primarily due to costs associated with the Ontario acquisition, the new Post Falls and Caldwell offices and additional administrative facilities.

Income Tax Provision. InterMountain recorded federal and state income tax provisions of $721 thousand and $622 thousand for the three months ended September 30, 2004 and 2003, respectively. For the nine months ended September 30, 2004 and 2003, InterMountain recorded federal and state income tax provisions of $1.8 million and $1.6 million, respectively. The increased tax provision in 2004 over 2003 is due to the increase in pre-tax net income. The effective tax rates for both three month periods were 36.4% and 35.8% for both nine month periods.

Financial Position

Assets. At September 30, 2004, InterMountain s assets were $485.1 million, up $75.3 million or 18.4% from $409.8 million at December 31, 2003. Growth in assets reflected increases in both investments and loans receivable, and were supported by increases in customer deposits.

Investments. InterMountain s investment portfolio at September 30, 2004 was $94.2 million, an increase of $13.6 million or 16.9% from the December 31, 2003 balance of $80.6 million. The increase was primarily due to net purchases of government agencies and mortgage-backed securities utilizing excess liquidity created from increases in customer deposits and the proceeds of the debentures issued in March 2004.

Loans Receivable. At September 30, 2004, net loans receivable were $334.3 million, up $47.0 million or 16.4% from $287.3 million at December 31, 2003. The increase was primarily due to net increases in business and agricultural loans. During the nine months ended September 30, 2004, total loan originations were $285.1 million compared with $212.2 million for the prior year s comparable period, reflecting growing loan demand in the company s markets.

Table of Contents

The following table sets forth the composition of InterMountain s loan portfolio at the dates indicated. Loan balances exclude deferred loan origination costs and fees and allowances for loan losses.

	September 30, 2004		December 31, 2003	
	Amount	**%**	**Amount**	**%**
	(Dollars in thousands)			
Commercial	$241,676	71.10	$215,396	73.65
Residential real estate	77,378	22.76	58,728	20.08
Consumer	18,383	5.41	16,552	5.66
Municipal	2,472	0.73	1,751	0.61
Total loans receivable	339,909	100.00	292,427	100.00
Net deferred origination fees	(13)		(53)	
Allowance for losses on loans	(5,613)		(5,118)	
Loans receivable, net	$334,283		$287,256	
Weighted average yield at end of period	6.62%		6.60%	

The following table sets forth InterMountain s loan originations for the periods indicated.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2004	**2003**	**% Change**	**2004**	**2003**	**% Change**
	(Dollars in thousands)					
Commercial	$65,595	$46,731	40.4	$207,959	$150,020	38.6
Residential real estate	22,654	21,069	7.5	61,436	48,881	25.7
Consumer	4,718	3,571	32.1	11,814	9,505	24.3
Municipal	3,828	3,613	6.0	3,843	3,837	0.2
Total loans originated	$96,795	$74,984	29.1	$285,052	$212,243	34.3

BOLI and All Other Assets. Bank-owned life insurance (BOLI) and other assets increased to $8.7 million at September 30, 2004 from $7.5 million at December 31, 2003. The increase was primarily due to an increase in assets related to the growth of the bank.

Table of Contents

Deposits. Total deposits increased $67.2 million or 19.5% to $412.1 million at September 30, 2004 from $344.9 million at December 31, 2003, primarily due to increases in non-interest bearing demand accounts, savings and certificates of deposit accounts. Ongoing business development efforts in the Company s existing markets, along with development of the relatively new Kootenai County and Caldwell markets were primary contributors to the increase in deposits over the time period measured.

The following table sets forth the composition of InterMountain s deposits at the dates indicated.

	September 30, 2004		**December 31, 2003**	
	Amount	**%**	**Amount**	**%**
	(Dollars in thousands)			
Demand	$ 93,061	22.6	$ 76,439	22.2
NOW and money market 0.0% to 2.2%	137,664	33.4	114,322	33.1
Savings and IRA 0.0% to 6.4%	55,795	13.5	45,807	13.3
Certificate of deposit accounts	125,582	30.5	108,298	31.4
Total deposits	$412,102	100.0	$344,866	100.0
Weighted average interest rate on certificates of deposit		2.77%		2.57%

Borrowings. Deposit accounts are InterMountain s primary source of funds. InterMountain does, however, rely upon advances from the Federal Home Loan Bank of Seattle (FHLB Seattle), reverse repurchase agreements and other borrowings to supplement its funding and to meet deposit withdrawal requirements. The total of such borrowings were $35.0 million and $30.4 million at September 30, 2004 and December 31, 2003, respectively. See Liquidity and Sources of Funds.

Interest Rate Risk

The results of operations for financial institutions may be materially and adversely affected by changes in prevailing economic conditions, including rapid changes in interest rates, declines in real estate market values and the monetary and fiscal policies of the federal government. Like all financial institutions, InterMountain s net interest income and its NPV (the net present value of financial assets, liabilities and off-balance sheet contracts), are subject to fluctuations in interest rates. Currently, InterMountain s interest-bearing liabilities, consisting primarily of deposits, mature or reprice more rapidly, or on different terms, than do its interest-earning assets, consisting primarily of loans receivable and investments. The fact that liabilities mature or reprice more frequently on average than assets may be beneficial in times of declining interest rates; however, such an asset/liability structure may result in declining net interest income during periods of rising interest rates. The nature of InterMountain s short-term deposits and the use of pricing strategies on the liability side, combined with variable rate loan products tied to an internal cost of funds and the prime lending rate index typically mitigates the negative impact in a rising interest rate environment.

Table of Contents

To minimize the impact of fluctuating interest rates on net interest income, InterMountain promotes a loan pricing policy of utilizing variable interest rate structures that associates loan rates to InterMountain s internal cost of funds, i.e. deposits and borrowings. This approach historically has contributed to a consistent interest rate spread and reduces pressure from borrowers to renegotiate loan terms during periods of falling interest rates. InterMountain currently maintains over fifty percent of its loan portfolio in variable interest rate assets.

Additionally, the extent to which borrowers prepay loans is affected by prevailing interest rates. When interest rates increase, borrowers are less likely to prepay loans. When interest rates decrease, borrowers are more likely to prepay loans. Prepayments may affect the levels of loans retained in an institution s portfolio, as well as its net interest income. InterMountain maintains an asset and liability management program intended to manage net interest income through interest rate cycles and to protect its NPV by controlling its exposure to changing interest rates.

InterMountain uses a simulation model designed to measure the sensitivity of net interest income and NPV to changes in interest rates. This simulation model is designed to enable InterMountain to generate a forecast of net interest income and NPV given various interest rate forecasts and alternative strategies. The model is also designed to measure the anticipated impact that prepayment risk, basis risk, customer maturity preferences, volumes of new business and changes in the relationship between long-term and short-term interest rates have on the performance of InterMountain.

InterMountain is continuing to pursue strategies to manage the level of its interest rate risk while increasing its net interest income and NPV through the origination and retention of variable-rate consumer, business banking, construction and commercial real estate loans, which generally have higher yields than residential permanent loans, by the sale of certain long-term fixed-rate loans and investments, and by increasing the level of its core deposits, which are generally a lower-cost, less rate-sensitive funding source than wholesale borrowings. There can be no assurance that InterMountain will be successful implementing any of these strategies or that, if these strategies are implemented, they will have the intended effect of reducing IRR or increasing net interest income.

InterMountain also uses gap analysis, a traditional analytical tool designed to measure the difference between the amount of interest-earning assets and the amount of interest-bearing liabilities expected to reprice in a given period. InterMountain calculated its one-year cumulative repricing gap position to be a negative 16.5% and a negative 11.4% at September 30, 2004 and December 31, 2003, respectively. Management attempts to maintain InterMountain s gap position between positive 20% and negative 20%. At September 30, 2004, InterMountain s gap positions were within limits established by its Board of Directors. Management is pursuing strategies to increase its net interest income without significantly increasing its cumulative gap positions in future periods. There can be no assurance that InterMountain will be successful implementing these strategies or that, if these strategies are implemented, they will have the intended effect of increasing its net interest income. See Results of Operations *Net Interest Income* and Capital Resources.

Table of Contents

Liquidity and Sources of Funds

As a financial institution, InterMountain s primary sources of funds are investing and financing activities, including the collection of loan principal and interest payments. Financing activities consist primarily of customer deposits, advances from FHLB Seattle and other borrowings. Deposits increased to $412.1 million at September 30, 2004 from $344.9 million at December 31, 2003, primarily due to increases in interest bearing demand accounts, non-interest demand accounts and certificates of deposit. The net increase in deposits was primarily used to fund loans and pay down other borrowings. At September 30, 2004 and December 31, 2003, securities sold subject to repurchase agreements were $13.5 million and $17.2 million, respectively. These borrowings are required to be collateralized by investments with a market value exceeding the face value of the borrowings. Under certain circumstances, InterMountain could be required to pledge additional securities or reduce the borrowings.

During the nine months ended September 30, 2004, cash used in investing activities consisted primarily of the purchase of available-for-sale securities in the investment portfolio and new loan volume net of calls, maturities and prepayments. The levels of these prepayments increase or decrease depending on the size of the loan and the general trend and level of interest rates, which influences the level of refinancing and mortgage prepayments. During the same period, cash provided by financing activities consisted primarily of increases in certificates of deposit, demand deposits and the issuance of debentures.

InterMountain s credit line with FHLB Seattle provides for borrowings up to a percentage of its total assets subject to collateralization requirements. At September 30, 2004, this credit line represented a total borrowing capacity of approximately $15.8 million, of which $10.8 million was available. InterMountain also borrows on an unsecured basis from correspondent banks and other financial entities. As of September 30, 2004 there were no outstanding amounts.

InterMountain actively manages its liquidity to maintain an adequate margin over the level necessary to support expected and potential loan fundings and deposit withdrawals. This is balanced with the need to maximize yield on alternative investments. The liquidity ratio may vary from time to time, depending on economic conditions, savings flows and loan funding needs.

Capital Resources

InterMountain s total stockholders equity was $30.1 million at September 30, 2004 compared with $27.1 million at December 31, 2003. The increase in total stockholders equity was primarily due to the increase in net income net of the change to unrealized gains and losses on securities. Stockholders equity was 6.2% of total assets at September 30, 2004 compared with 6.6% at December 31, 2003. The decrease in this ratio is due to the increase in total assets at September 30, 2004 as compared to December 31, 2003 which was proportionately larger than the increase in equity due to net income.

At September 30, 2004, InterMountain had an unrealized loss of $329 thousand, net of related income taxes, on investments classified as available for sale. At December 31, 2003, InterMountain had an unrealized gain of $275 thousand, net of related income taxes, on investments classified as available for sale. Fluctuations in prevailing interest rates continue to cause volatility in this component of accumulated comprehensive income or loss in stockholders equity and may continue to do so in future periods.

InterMountain issued and has outstanding $16.5 million of Trust Preferred Securities. The indenture governing the Trust Preferred Securities limits the ability of InterMountain under certain circumstances to pay dividends or to make other capital distributions. The Trust Preferred Securities are treated as debt of InterMountain. These Trust Preferred Securities can be called for redemption beginning in March 2008 by the Company at 100% of the aggregate principal plus accrued and unpaid interest. See Note 2 of Notes to Consolidated Financial Statements.

Table of Contents

InterMountain and Panhandle are required by applicable regulations to maintain certain minimum capital levels and ratios of total and Tier 1 capital to risk-weighted assets, and of Tier I capital to average assets. InterMountain and Panhandle will endeavor to enhance its capital resources and regulatory capital ratios through the retention of earnings and the management of the level and mix of assets, although there can be no assurance in this regard. At September 30, 2004, InterMountain exceeded all such regulatory capital requirements and was well-capitalized pursuant to FFIEC regulations.

The following tables set forth the amounts and ratios regarding actual and minimum core Tier 1 risk-based and total risk-based capital requirements, together with the amounts and ratios required in order to meet the definition of a well-capitalized institution as reported on the quarterly FFIEC call report at September 30, 2004.

	Actual		Capital Requirements		Well-Capitalized Requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Total capital (to risk-weighted assets)	$49,626	12.76%	$31,113	8.00%	$38,892	10.00%
Tier 1 capital to (to risk-weighted assets)	38,881	10.00	15,557	4.00	23,329	6.00
Tier 1 capital (to average assets)	38,881	8.15	19,083	4.00	28,624	6.00

Off Balance Sheet Arrangements and Contractual Obligations

InterMountain, in the conduct of ordinary business operations routinely enters into contracts for services. These contracts may require payment for services to be provided in the future and may also contain penalty clauses for the early termination of the contracts. Intermountain is also party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Management does not believe that these off-balance sheet arrangements have a material current effect on InterMountain s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources but there is no assurance that such arrangements will not have a future effect.

Table of Contents

The following table represents InterMountain s on-and-off balance sheet aggregate contractual obligations to make future payments as of September 30, 2004.

	Payments Due by Period				
	Total	Less than 1 year	1 to 3 years	Over 3 to 5 years	More than 5 years
	(Dollars in thousands)				
Long-term debt(1)	$21,527	$	$	$5,000	$16,527
Capital lease obligations(2)					
Operating lease obligations	3,450	355	535	519	2,041
Purchase obligations(2)					
Other long-term liabilities reflected on the registrant s balance sheet under GAAP					
Total	$24,977	$ 355	$535	$5,519	$18,568

(1) Excludes interest payments.

(2) Excludes recurring accounts payable, accrued expenses and other liabilities, repurchase agreements and customer deposits, all of which are recorded on the Company s balance sheet.

Table of Contents

New Accounting Policies

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities (FIN No. 46). In December 2003, the FASB issued a revision to this interpretation (FIN No. 46(r)). FIN No. 46(r) clarifies the application of Accounting Research Bulletin No. 51 to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. InterMountain adopted FIN No. 46(r) effective January 1, 2004. As a result of the issuance of FIN No. 46(r) and the accounting profession s application of the guidance provided by the FASB, issuer trusts, like InterMountain Statutory Trust I and InterMountain Statutory Trust II (collectively referred to as the Trusts), are generally variable interest entities. We have determined that we are not the primary beneficiaries under the trusts, and accordingly InterMountain has not consolidated the financial statements of the Trusts into its consolidated financial statements. The amounts payable to these trusts continues to be treated as other borrowings.

In December 2003, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) No. 03-3, Accounting for Certain Loans or Debt Securities Acquired in a Transfer . SOP No. 03-3 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor s initial investment in loans acquired in a transfer if those differences are attributable, at least in part, to credit quality. SOP No. 03-3 is effective for loans acquired in fiscal years beginning after December 15, 2004. InterMountain believes the implementation of SOP No. 03-3 will not have a material effect on InterMountain s consolidated financial statements.

In September 2004, the Financial Accounting Standards Board (FASB) agreed to issue additional guidance on the application of Emerging Issues Task Force (EITF) Issue 03-1, The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments. The FASB also deferred the measurement and recognition guidance contained in EITF Issue 03-1. This delay does not suspend the requirement to recognize other-than-temporary impairments as required by existing authoritative literature. During the period of the delay, InterMountain will continue to apply relevant other-than-temporary guidance to its investment portfolio, as applicable. The FASB s final guidance on EITF Issue 03-1may alter the criteria by which InterMountain assesses if impairment is temporary or permanent. The FASB is expected to release the additional guidance by the end of 2004.

Regulation and Compliance

InterMountain is subject to many laws and regulations applicable to banking activities. As a bank holding company, InterMountain is subject to regulation, supervision and examination by the Federal Reserve. Panhandle is an Idaho commercial bank operating in Idaho, with one branch in Oregon, and deposits are insured by the FDIC. As a result, Panhandle is subject to supervision and regulation by the Idaho Department of Finance, the FDIC, and with respect to the State of Oregon, the Division of Finance and Corporate Securities. These agencies have the authority to prohibit banks from engaging in what they believe constitute unsafe or unsound banking practices.

In July 2002, the Sarbanes-Oxley Act of 2002 (the SOA) was enacted with the intent of protecting investors by improving the accuracy and reliability of corporate disclosures. The SOA, among other things: requires enhanced financial disclosures; requires greater accountability from management, including the principal executive officer and principal financial officer; demands greater independence of audit functions and provides for enhanced penalties for accounting and auditing improprieties at publicly traded companies. The SOA directs the Securities and Exchange Commission (SEC) and securities exchanges to adopt rules that implement these and other requirements. A number of rules have been adopted and continue to be proposed and implemented pursuant to the SOA.

Table of Contents

Forward-Looking Statements

From time to time, InterMountain and its senior managers have made and will make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are contained in this report and may be contained in other documents that InterMountain files with the Securities and Exchange Commission. Such statements may also be made by InterMountain and its senior managers in oral or written presentations to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Also, forward-looking statements can generally be identified by words such as may, could, should, would, believe, anticipate, estimate, seek, expect, i
similar expressions.

Forward-looking statements provide our expectations or predictions of future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. These statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. There are a number of factors, many of which are beyond our control, which could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. These factors, some of which are discussed elsewhere in this report, include:

the strength of the United States economy in general and the strength of the local economies in which InterMountain conducts its operations;

the effects of inflation, interest rate levels and market and monetary fluctuations;

trade, monetary and fiscal policies and laws, including interest rate policies of the federal government;

applicable laws and regulations and legislative or regulatory changes;

the timely development and acceptance of new products and services of InterMountain;

the willingness of customers to substitute competitors products and services for InterMountain s products and services;

InterMountain s success in gaining regulatory approvals, when required;

technological and management changes;

growth and acquisition strategies;

InterMountain s ability to successfully integrate entities that may be or have been acquired;

changes in consumer spending and saving habits; and

InterMountain s success at managing the risks involved in the foregoing.

Table of Contents

Item 3 Quantitative and Qualitative Disclosures About Market Risk

For a discussion of InterMountain s market risks, see Management s Discussion and Analysis Asset and Liability Management.

Item 4 Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures: An evaluation of InterMountain s disclosure controls and procedures (as required by section 13a 15(b) of the Securities Exchange Act of 1934 (the Act)) was carried out under the supervision and with the participation of InterMountain s management, including the Chief Executive Officer and the Chief Financial Officer. Our Chief Executive Officer and Chief Financial Officer concluded that based on that evaluation, our disclosure controls and procedures as currently in effect are effective, as of the end of the period covered by this report, in ensuring that the information required to be disclosed by us in the reports we file or submit under the Act is (i) accumulated and communicated to InterMountain s management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms.

(b) Changes in Internal Controls: In the quarter ended September 30, 2004, the Bank did not make any significant changes in, nor take any corrective actions regarding, its internal controls or other factors that could significantly affect these controls.

PART II Other Information

Item 1 Legal Proceedings

InterMountain and Panhandle are parties to various claims, legal actions and complaints in the ordinary course of business. In InterMountain s opinion, all such matters are adequately covered by insurance, are without merit or are of such kind, or involve such amounts, that unfavorable disposition would not have a material adverse effect on the consolidated financial position or results of operations of InterMountain.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3 Defaults Upon Senior Securities

Not applicable.

Item 4 Submission of Matters to a Vote of Security Holders

Not Applicable

Table of Contents

Item 5 Other Information

Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

Effective November 9, 2004, Registrant announced certain changes in its executive management team. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein in its entirety by reference.

David Smith is resigning from his position as Registrant s chief financial officer, and he will continue his employment as Registrant s senior financial officer until his anticipated retirement in May 2005. Doug Wright, Registrant s executive vice president and current chief operating officer, will become Registrant s chief financial officer. Pamela Rasmussen, who recently commenced employment with Registrant upon consummation of its merger with Snake River Bancorp, Inc., will assume the position of senior vice president and chief operating officer of Panhandle State Bank, Registrant s wholly owned banking subsidiary.

Doug Wright

Mr. Wright joined Registrant and Panhandle State Bank in 2002. From 1996 to 2002, Mr. Wright, who is 40 years of age, served as a senior vice president and production manager of Sterling Savings Bank. In this capacity, Mr. Wright was responsible for overseeing the credit, operational, and financial functions for the branch division of a multi-state regional financial institution. Before that time, Mr. Wright was a vice president at WestOne Bank from 1987 to 1996.

In connection with his employment, Mr. Wright and Panhandle State Bank are parties to an Executive Severance Agreement, effective December 17, 2003. This agreement provides that Mr. Wright may receive a severance payment if a definitive agreement providing for a change of control (as defined) is entered into during his employment or within 12 months after he terminates his employment for good reason (as defined) or is involuntarily terminated other than for cause, disability, death or retirement (as each term is defined). The amount of the severance payment would equal two (2) times the average of the total base compensation and short term bonus payments received by Mr. Wright for each of the two most recent calendar years. So long as Mr. Wright remains employed, he will not automatically receive the severance payment upon a change in control; rather, he will receive the payment if he terminates his employment for good reason or is involuntarily terminated other than for cause, disability, death or retirement during the 24 month post-change in control salary protection period. The amount of any payment to Mr. Wright will be reduced so that it does not constitute a parachute payment under Section 280G of the Internal Revenue Code.

Pamela Rasmussen

Prior to beginning her employment with Registrant, Ms. Rasmussen, who is 44 years of age, was the chief financial officer and senior vice president of Snake River Bancorp, Inc. and its wholly owned subsidiary, Magic Valley Bank. Prior to joining Magic Valley Bank in 2002, Ms. Rasmussen served as the internal audit manager from 1999 to 2000 & vice president and manager of operations from 2000 to 2002 for Stockman Financial Bancorp, Inc. in Miles City, Montana.

In connection with her employment, Ms. Rasmussen and Panhandle State Bank are parties to an employment agreement, the term of which commenced on November 2, 2004, the effective date of Registrant s merger with Snake River Bancorp. Effective November 9, 2004, the employment agreement has been amended and restated to reflect certain changes related to Ms. Rasmussen s new position with Panhandle State Bank.

Ms. Rasmussen s employment agreement has a term of two (2) years, and provides for a current salary of $110,000 per year, eligibility for bonuses pursuant to Magic Valley Bank s existing bonus plan for 2004, and commencing in 2005, eligibility to participate in Panhandle State Bank s short-term bonus plan and

25

Table of Contents

other incentives. Ms. Rasmussen has also entered into a stock purchase agreement with Registrant, pursuant to which (i) she agrees to purchase shares of Intermountain common stock with a market value of $9,000; and (ii) Registrant agrees to reimburse her for those purchases pursuant to a three-year vesting schedule.

Ms. Rasmussen s employment agreement provides that if she is terminated without Cause (as defined) or she terminates her agreement for Good Reason (as defined), she will receive a severance payment equal to two (2) times her current base salary, payable over a two-year period in accordance with Panhandle State Bank s regular payroll schedules, policies, and procedures. If Ms. Rasmussen voluntarily terminates her employment for whatever reason during the second year of the agreement term, she will be entitled to receive her base salary for the balance of the employment term in accordance with Panhandle s regular payroll schedules, policies, and procedures. If Ms. Rasmussen is terminated for Cause or terminates her employment without Good Reason during the first year of the employment term, Registrant will be responsible only for salary earned and expenses reimbursable through the date of termination, and Ms. Rasmussen will have no rights to other compensation or benefits under the agreement. The amount of any payments to Ms. Rasmussen will be reduced so that the aggregate amount received does not constitute a parachute payment under Section 280G of the Internal Revenue Code.

Item 6 Exhibits

Exhibit No.	Exhibit
10.1	Employment Agreement between Panhandle State Bank and Pamela Rasmussen, as amended and restated as of November 9, 2004.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant To Section 906 of the Sarbanes Oxley Act of 2002.
99.1	Press Release dated November 12, 2004 announcing changes in Registrant s Executive Management team.

Table of Contents

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	INTERMOUNTAIN COMMUNITY BANCORP, INC. (Registrant)
November 10, 2004 Date	By: /s/ Curt Hecker **Curt Hecker** President and Chief Executive Officer
November 10, 2004 Date	By: /s/ Doug Wright **Doug Wright** Executive Vice President and Chief Financial Officer

27