

FIRST INTERSTATE BANCSYSTEM INC

Form S-4

January 26, 2017

Table of Contents

As filed with the Securities and Exchange Commission on January 26, 2017

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIRST INTERSTATE BANCSYSTEM, 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)

81-0331430
(I.R.S. Employer
Identification Number)

401 North 31st Street

Billings, Montana 59116

(406) 255-5390

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Kevin P. Riley

President and Chief Executive Officer

401 North 31st Street

Billings, Montana 59116

(406) 255-5390

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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401 North 31st Street

Billings, Montana 59116

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1445 Ross Avenue, Suite 3700**

Dallas, Texas 75202

Phone: (214) 979-3000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger.

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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 Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
 If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered,	Proposed maximum offering price per share	Proposed aggregate offering price	Amount of registration fee
Class A Common Stock, no par value per share	11,810,425 shares ⁽¹⁾	N/A	\$468,793,787 ⁽²⁾	\$54,334

(1) Represents the estimated maximum number of shares of First Interstate BancSystem, Inc. (First Interstate) Class A common stock estimated to be issuable upon the completion of the merger of Cascade Bancorp with and into First Interstate, based on the product of (a) the number of shares of Cascade Bancorp common stock outstanding (including shares reserved for issuance under various Cascade Bancorp equity plans), and (b) 0.14864, the exchange ratio under the merger agreement.

- (2) The proposed maximum aggregate offering price of the registrant's Class A common stock was calculated based upon the market value of shares of Cascade Bancorp common stock in accordance with Rules 457(c) and 457(f) under the Securities Act as follows: (i) the product of (A) \$7.81, the average of the high and low prices per share of Cascade Bancorp common stock as reported on the Nasdaq Capital Market on January 23, 2017 and (B) 79,456,574, the estimated maximum number of shares of Cascade Bancorp common stock that may be exchanged for the merger consideration (including shares reserved for issuance under various Cascade Bancorp equity plans) minus (ii) \$151,762,056, the estimated amount of cash that is to be paid by First Interstate to Cascade Bancorp common stockholders in connection with the merger.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Information contained in this joint proxy statement/prospectus is subject to completion or amendment. A registration statement relating to the shares of First Interstate Class A common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS,
SUBJECT TO COMPLETION, DATED JANUARY 26, 2017**

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Cascade Bancorp, which we refer to in this document as Cascade, and First Interstate BancSystem, Inc., which we refer to in this document as First Interstate, have entered into a merger agreement under which Cascade will merge with and into First Interstate, with First Interstate as the surviving entity. This transaction is referred to in this document as the merger. Immediately following the merger, Bank of the Cascades, which we refer to in this document as Cascade Bank, the wholly-owned subsidiary of Cascade, will merge with and into First Interstate Bank, the wholly-owned subsidiary of First Interstate, with First Interstate Bank as the surviving entity. This transaction is referred to in this document as the bank merger. Before we can complete the merger, the shareholders of Cascade and First Interstate must approve and adopt the merger agreement.

If the merger is completed, each share of Cascade common stock will be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, without interest. Based on the number of shares of Cascade common stock outstanding on [], 2017, First Interstate expects to issue approximately [] shares of First Interstate Class A common stock in the merger. Although the number of shares of First Interstate Class A common stock that holders of Cascade common stock will be entitled to receive is fixed, the market value of the stock consideration will fluctuate with the market price of First Interstate Class A common stock and will not be known at the time Cascade shareholders vote on the merger agreement.

The First Interstate Class A common stock is listed on The Nasdaq Global Select Market under the symbol FIBK. The closing price of First Interstate Class A common stock on November 17, 2016, the day the merger agreement was signed, was \$38.40, which, based on the 0.14864 exchange ratio and \$1.91 in cash, represented a value of \$7.62 per share of Cascade common stock, or total merger consideration of \$590.5 million. The closing price of First Interstate Class A common stock on [], 2017, the most recent practicable trading day before the date of this document, was \$[], which represented a value of \$[] per share of Cascade common stock based on the exchange ratio and cash consideration, or total merger consideration of \$[] million. The market prices for both Cascade common stock and First Interstate Class A common stock will fluctuate before the merger. We urge you to obtain current market quotations for both Cascade common stock and First Interstate Class A common stock.

The places, dates and times of the shareholder meetings are as follows:

For First Interstate shareholders:

For Cascade shareholders:

The board of directors of each of First Interstate and Cascade has unanimously determined that the merger is in the best interests of its respective shareholders and recommends that its respective shareholders vote FOR the proposal to approve and adopt the merger agreement and FOR the approval of the other proposals described in this document.

This document contains information that you should consider in evaluating the proposed merger. In particular, you should carefully read the section captioned Risk Factors beginning on page [] for a discussion of certain risk factors relating to the merger. You can also obtain information about First Interstate and Cascade from documents filed with the Securities and Exchange Commission.

We look forward to seeing you at the shareholder meetings and we appreciate your continued support.

Kevin P. Riley
President and Chief Executive Officer
First Interstate BancSystem, Inc.

Terry E. Zink
President and Chief Executive Officer
Cascade Bancorp

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or completeness of this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Joint proxy statement/prospectus dated [], 2017

and first mailed to shareholders of First Interstate and Cascade

on or about [], 2017.

Table of Contents

REFERENCES TO AVAILABLE INFORMATION

This joint proxy statement/prospectus, which we refer to as this document, incorporates important business and financial information about First Interstate and Cascade from documents filed with the U.S. Securities and Exchange Commission, which we refer to in this document as the SEC, that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference room located at 100 F Street, NE, Washington, DC 20549. Copies of these documents also can be obtained at prescribed rates by writing to the Public Reference Section of the SEC, at 100 F Street, NE, Washington, DC 20549 or by calling 1-800-SEC-0330 for additional information on the operation of the public reference facilities. This information is also available at the Internet site the SEC maintains at <http://www.sec.gov>. See *Where You Can Find More Information* on page [].

You also may request orally or in writing copies of these documents at no cost by contacting the appropriate company at the following address:

First Interstate BancSystem, Inc.

401 North 31st Street

Billings, Montana 59116

Attention: Kirk D. Jensen

Telephone: (406) 255-5304

Cascade Bancorp

1100 N.W. Wall Street

P.O. Box 369

Bend, Oregon 97703

Attention: Investor Relations

Telephone: (541) 617-3513

If you are a First Interstate shareholder or Cascade shareholder and would like to request documents from First Interstate or Cascade, please do so by [], 2017 to receive them before the shareholder meetings.

This document is also available on First Interstate's website at www.fibk.com under the heading "SEC Filings" and on Cascade's website at www.botc.com under the "About Us" link, then under the heading "Investor Information" and then under the heading "SEC Filings." The information on First Interstate's and Cascade's websites is not part of this document. References to First Interstate's and Cascade's websites in this document are intended to serve as textual references only.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by First Interstate, constitutes a prospectus of First Interstate under the Securities Act of 1933, as amended, which we refer to in this document as the Securities Act, with respect to the shares of First Interstate Class A common stock to be issued to Cascade shareholders, as required by the merger agreement. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to in this document as the Exchange Act, and a notice of meeting with respect to the special meeting of shareholders of First Interstate and the special meeting of shareholders of Cascade.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from the information contained in this document. This document is dated [], 2017. You

should not assume that the information contained in this document is accurate as of any date other than that date. Neither the mailing of this document to either First Interstate shareholders or Cascade shareholders nor the issuance by First Interstate of its common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding First Interstate has been provided by First Interstate and information contained in this document regarding Cascade has been provided by Cascade.

Table of Contents

FIRST INTERSTATE BANCSYSTEM, INC.

401 North 31st Street

Billings, Montana 59116

Notice of Special Meeting of Shareholders to be held [], 2017

To the Shareholders of First Interstate:

The special meeting of shareholders of First Interstate BancSystem, Inc. will be held at :00 .m., local time, on [Meeting Date] at the First Interstate Bank Operation Center, 1800 Sixth Avenue North, Billings, Montana 59101. Any adjournments or postponements of the special meeting will be held at the same location.

The purpose of the special meeting is to:

1. Vote on a proposal to approve and adopt the merger agreement, dated as of November 17, 2016, by and between First Interstate BancSystem, Inc. and Cascade Bancorp pursuant to which Cascade will merge with and into First Interstate. A copy of the merger agreement is included as Annex A to the accompanying joint proxy statement/prospectus;
2. Vote on the amended and restated articles of incorporation of First Interstate;
3. Vote on a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve and adopt the merger agreement or the amended and restated articles of incorporation of First Interstate; and
4. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

All of these items are described in more detail in the accompanying joint proxy statement/prospectus and its annexes. We urge you to read these materials carefully. The enclosed document forms a part of this notice.

First Interstate's board of directors unanimously recommends that First Interstate shareholders vote FOR each of the proposals.

First Interstate shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. Your proxy is being solicited by First Interstate's board of directors. For the proposed merger to be completed, the proposal to approve and adopt the merger agreement must be approved by the affirmative vote of holders of two-thirds of the voting power of First Interstate Class A common stock and First Interstate Class B common stock, voting together as a single class.

Whether or not you plan to attend the special meeting, we urge you to vote. Shareholders of record may vote:

By internet access <http://www.voteproxy.com> and follow the on-screen instructions;

By telephone call 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 in foreign countries from any touch-tone telephone and follow the instructions;

By mail complete, sign, date and mail your proxy card in the envelope provided as soon as possible; or

In person vote your shares in person by attending the special meeting.

If you have any questions or need assistance voting your shares, please contact our proxy solicitor, [Proxy Solicitor], toll free at () - .

By Order of the Board of Directors,

Kirk D. Jensen

Corporate Secretary

Billings, Montana

[], 2017

Table of Contents

CASCADE BANCORP

1100 N.W. Wall Street

Bend, Oregon 97703

Notice of Special Meeting of Shareholders to be held [Meeting Date]

To the Shareholders of Cascade:

The special meeting of shareholders of Cascade Bancorp will be held at :00 .m., local time, on [Meeting Date] at Cascade s headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97703. Any adjournments or postponements of the special meeting will be held at the same location.

The purpose of the special meeting is to:

1. Vote on a proposal to approve and adopt the merger agreement, dated as of November 17, 2016, by and between First Interstate BancSystem, Inc. and Cascade Bancorp pursuant to which Cascade will merge with and into First Interstate. A copy of the merger agreement is included as Annex A to the accompanying joint proxy statement/prospectus;
2. Vote on a non-binding advisory resolution approving the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger;
3. Vote on a non-binding advisory basis to approve the amended and restated articles of incorporation of First Interstate;
4. Vote on a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the meeting to approve and adopt the merger agreement; and
5. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

All of these items are described in more detail in the accompanying joint proxy statement/prospectus and its annexes. We urge you to read these materials carefully. The enclosed document forms a part of this notice.

Cascade s board of directors unanimously recommends that Cascade shareholders vote FOR each of the proposals.

Cascade shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. Your proxy is being solicited by Cascade's board of directors. For the proposed merger to be completed, the proposal to approve and adopt the merger agreement must be approved by the affirmative vote of holders of a majority of the outstanding shares of Cascade common stock entitled to vote.

Whether or not you plan to attend the special meeting, we urge you to vote. Shareholders of record may vote:

By internet access <http://www.proxyvote.com> and follow the on-screen instructions;

By telephone call 1-800-690-6903 from any touch-tone telephone and follow the instructions;

By mail complete, sign, date and mail your proxy card in the envelope provided as soon as possible; or

In person vote your shares in person by attending the special meeting.

By Order of the Board of Directors,

Andrew J. Gerlicher

Corporate Secretary

Bend, Oregon

[], 2017

Table of Contents**TABLE OF CONTENTS**

	PAGE
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SHAREHOLDER MEETINGS</u>	1
<u>SUMMARY</u>	7
<u>RISK FACTORS</u>	15
<u>CAUTION ABOUT FORWARD-LOOKING STATEMENTS</u>	21
<u>SELECTED HISTORICAL FINANCIAL INFORMATION</u>	23
<u>Selected Historical Financial Data of First Interstate</u>	23
<u>Selected Historical Financial Data of Cascade</u>	25
<u>SUMMARY SELECTED UNAUDITED PRO FORMA COMBINED DATA</u>	26
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	27
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	28
<u>SPECIAL MEETING OF FIRST INTERSTATE SHAREHOLDERS</u>	29
<u>Date, Time and Place of Meeting</u>	29
<u>Purpose of the Meeting</u>	29
<u>Who Can Vote at the Meeting</u>	29
<u>Quorum; Vote Required</u>	29
<u>Shares Held by First Interstate Officers and Directors and by Cascade</u>	30
<u>Voting and Revocability of Proxies</u>	30
<u>Participants in the 401(k) Plan</u>	31
<u>Solicitation of Proxies</u>	31
<u>Proposal No. 1 Approval and Adoption of the Agreement and Plan of Merger</u>	32
<u>Proposal No. 2 Approval of the Amended and Restated Articles of Incorporation of First Interstate</u>	32
<u>Proposal No. 3 Adjournment of the Special Meeting</u>	33
<u>SPECIAL MEETING OF CASCADE SHAREHOLDERS</u>	34
<u>Date, Time and Place of Meeting</u>	34
<u>Purpose of the Meeting</u>	34
<u>Who Can Vote at the Meeting</u>	34
<u>Quorum; Vote Required</u>	34
<u>Shares Held by Cascade Officers and Directors and by First Interstate</u>	35
<u>Voting and Revocability of Proxies</u>	35
<u>Solicitation of Proxies</u>	36
<u>Proposal No. 1 Approval and Adoption of the Agreement and Plan of Merger</u>	36
<u>Proposal No. 2 Non-Binding Advisory Vote to Approve the Compensation That Will or May Become Payable to the Named Executive Officers of Cascade in Connection with the Merger</u>	37
<u>Proposal No. 3 Non-Binding Advisory Vote to Approve the Amended and Restated Articles of Incorporation of First Interstate</u>	38
<u>Proposal No. 4 Adjournment of the Special Meeting</u>	39
<u>DESCRIPTION OF THE MERGER</u>	40
<u>General</u>	40
<u>Consideration to be Received in the Merger</u>	40
<u>Background of and Cascade's Reasons for the Merger</u>	40
<u>Recommendation of Cascade's Board of Directors</u>	51
<u>Opinion of Cascade's Financial Advisor</u>	51
<u>First Interstate's Reasons for the Merger</u>	62

<u>Recommendation of First Interstate's Board of Directors</u>	64
<u>Opinion of First Interstate's Financial Advisor</u>	64
<u>Unaudited Prospective Financial Information</u>	73
<u>Cascade Stock Options, Restricted Stock Awards and Restricted Stock Units</u>	75
<u>Surrender of Stock Certificates</u>	75
<u>Accounting Treatment</u>	76
<u>Material U.S. Federal Income Tax Consequence of the Merger</u>	76

Table of Contents

	PAGE
<u>Regulatory Matters Relating to the Merger</u>	79
<u>Interests of Cascade's Directors and Executive Officers in the Merger</u>	80
<u>Employee Matters</u>	85
<u>Operations of Cascade Bank After the Merger</u>	85
<u>Restrictions on Resale of Shares of First Interstate Class A Common Stock</u>	86
<u>Time of Completion</u>	86
<u>Conditions to Completing the Merger</u>	86
<u>Conduct of Business Before the Merger</u>	87
<u>Covenants of Cascade and First Interstate</u>	91
<u>Representations and Warranties Made by First Interstate and Cascade</u>	94
<u>Terminating the Agreement and Plan of Merger</u>	94
<u>Termination Fee</u>	95
<u>Expenses</u>	95
<u>Changing the Terms of Agreement and Plan of Merger</u>	95
<u>Voting Agreements</u>	95
<u>UNAUDITED COMBINED CONSOLIDATED PRO FORMA FINANCIAL DATA</u>	97
<u>DESCRIPTION OF FIRST INTERSTATE CAPITAL STOCK</u>	107
<u>COMPARISON OF RIGHTS OF SHAREHOLDERS</u>	112
<u>MANAGEMENT AND OPERATIONS AFTER THE MERGER</u>	120
<u>STOCK OWNERSHIP OF FIRST INTERSTATE</u>	121
<u>STOCK OWNERSHIP OF CASCADE</u>	124
<u>LEGAL MATTERS</u>	127
<u>EXPERTS</u>	127
<u>SHAREHOLDER PROPOSALS AND NOMINATIONS</u>	127
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	129
Annex A <u>Agreement and Plan of Merger</u>	A-1
Annex B <u>Fairness Opinion of Barclays Capital Inc.</u>	B-1
Annex C <u>Fairness Opinion of Piper Jaffray & Co.</u>	C-1
Annex D <u>Amended and Restated Articles of Incorporation of First Interstate BancSystem, Inc.</u>	D-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SHAREHOLDER MEETINGS

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger and the special meetings. The companies urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.

Q: Why am I receiving this document?

A: You are receiving this document because you are either a shareholder of First Interstate as of [Record Date], the record date for the special meeting of First Interstate, or a shareholder of Cascade as of [Record Date], the record date for the special meeting of Cascade. This document is being used by the boards of directors of First Interstate and Cascade to solicit your proxy for use at the shareholder meetings. This document also serves as the prospectus for shares of First Interstate Class A common stock to be issued in exchange for shares of Cascade common stock in the merger.

Q: What am I being asked to vote on? What is the proposed transaction?

A: For First Interstate Shareholders: You are being asked to vote on the approval and adoption of a merger agreement that provides for the merger of Cascade with and into First Interstate. You are also being asked to vote on the approval of amended and restated articles of incorporation for First Interstate. You are also being asked to vote on a proposal to adjourn the shareholder meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the meeting to approve and adopt the merger agreement and to approve the amended and restated articles of incorporation of First Interstate.

For Cascade Shareholders: You are being asked to vote on the approval and adoption of a merger agreement that provides for the merger of Cascade with and into First Interstate. You are also being asked to vote on a non-binding advisory resolution approving the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger and to vote on a non-binding advisory basis to approve the amended and restated articles of incorporation for First Interstate. You are also being asked to vote on a proposal to adjourn the shareholder meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the meeting to approve and adopt the merger agreement.

Q: What vote does First Interstate's board of directors recommend?

A: First Interstate's board of directors has determined that the proposed merger is in the best interests of First Interstate shareholders, has unanimously approved the merger agreement and unanimously recommends that First Interstate shareholders vote FOR the approval and adoption of the merger agreement, FOR the approval of amended and restated articles of incorporation of First Interstate and FOR the proposal to adjourn the meeting if necessary to permit further solicitation of proxies on the proposal to approve and adopt the merger agreement or

the proposal to approve the amended and restated articles of incorporation of First Interstate.

Q: What vote does Cascade's board of directors recommend?

A: Cascade's board of directors has determined that the proposed merger is in the best interests of Cascade shareholders, has unanimously approved the merger agreement and unanimously recommends that Cascade shareholders vote FOR the approval and adoption of the merger agreement, FOR the approval of the non-binding resolution approving the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger, FOR the approval on a non-binding advisory basis of the amended and restated articles of incorporation of First Interstate and FOR the proposal to adjourn the meeting if necessary to permit further solicitation of proxies on the proposal to approve and adopt the merger agreement.

Table of Contents

Q: Why do Cascade and First Interstate want to merge?

A: Cascade believes that the proposed merger will provide Cascade shareholders with substantial benefits, and First Interstate believes that the merger will further its strategic growth plans, enhance its geographic diversity and provide access to attractive markets. As a larger company, First Interstate can provide a broader array of products and services to better serve its banking customers. For more information about the reasons for the merger, see *Description of the Merger First Interstate's Reasons for the Merger* on page [] and *Description of the Merger Background of and Cascade's Reasons for the Merger* on page [].

Q: What equity stake will Cascade shareholders hold in First Interstate immediately following the merger?

A: Following completion of the merger, current First Interstate shareholders will own in the aggregate approximately 65.9% of the outstanding shares of First Interstate Class A common stock and 80.0% of the aggregate outstanding shares of First Interstate Class A common stock and First Interstate Class B common stock which we refer to collectively in this document as First Interstate common stock. Immediately following completion of the merger, Cascade shareholders will own approximately 34.1% of the outstanding shares of First Interstate Class A common stock and 20.0% of the aggregate outstanding shares of First Interstate common stock, which equates to 7.6% of the voting power of First Interstate common stock.

Q: What will Cascade shareholders be entitled to receive in the merger?

A: Upon the completion of the merger, each share of Cascade common stock that you own immediately prior to the completion of the merger will be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, without interest, which we refer to in this document as the merger consideration. The closing price of First Interstate Class A common stock on November 17, 2016, the day the merger agreement was signed, was \$38.40, which, based on the 0.14864 exchange ratio and \$1.91 in cash, represented a value of \$7.62 per share of Cascade common stock, or total merger consideration of \$590.5 million. The closing price of First Interstate Class A common stock on [], 2017, the most recent practicable trading day before the date of this document, was \$[], which represented a value of \$[] per share of Cascade common stock based on the exchange ratio and cash consideration, or total merger consideration of \$[]. The market prices for both Cascade common stock and First Interstate Class A common stock will fluctuate before the merger. The exchange ratio will not be adjusted as a result of any change in the trading price of First Interstate Class A common stock or Cascade common stock.

Q: What happens if I am eligible to receive a fraction of a share of First Interstate Class A common stock as part of the stock merger consideration?

A: If the aggregate number of shares of First Interstate Class A common stock that you are entitled to receive as part of the stock merger consideration includes a fraction of a share of First Interstate Class A common stock, you will receive cash instead of that fractional share. See the section entitled *Description of the Merger Agreement Consideration to be Received in the Merger* beginning on page [] of this document.

Q: Will First Interstate pay dividends after the merger?

A: First Interstate currently pays a quarterly dividend of \$0.24 per share. Although First Interstate has paid quarterly dividends on its common stock without interruption for over 25 years, there is no guarantee that First Interstate will continue to pay dividends on its common stock or will continue to pay dividends at the same rate. All dividends on First Interstate common stock are declared at the discretion of First Interstate's board of directors.

Q: How do Cascade shareholders exchange their stock certificates?

A: Shortly after the merger, First Interstate's exchange agent will send instructions to Cascade's shareholders on how and where to surrender their Cascade stock certificates after the merger is completed. **Please do not send your Cascade stock certificates with your proxy card.**

Table of Contents

Q: Are Cascade's shareholders entitled to appraisal rights?

A: No. Because Cascade common stock is traded on The Nasdaq Capital Market, Oregon law does not provide for appraisal rights in connection with the merger. Cascade is incorporated under Oregon law.

Q: Is completion of the merger subject to any conditions besides shareholder approval?

A: Yes. The merger must receive the required regulatory approvals, and there are other customary closing conditions that must be satisfied. For more information about the conditions to the completion of the merger, see *Description of the Merger - Conditions to Completing the Merger* on page [] of this document.

Q: When is the merger expected to be completed?

A: We will complete the merger as soon as possible. Before that happens, the merger agreement must be approved and adopted by First Interstate's shareholders and Cascade's shareholders, the amended and restated articles of incorporation of First Interstate must be approved by First Interstate's shareholders and we must obtain the necessary regulatory approvals, among other conditions. Assuming timely receipt of regulatory and shareholder approvals, we expect to complete the merger early in the third quarter of 2017.

Q: Are there risks that I should consider in deciding whether to vote to approve and adopt the merger agreement?

A: Yes. You should consider the risk factors set out in the section entitled *Risk Factors* beginning on page [] of this document.

Q: What vote is required to approve and adopt the merger agreement?

A: Holders of at least two-thirds of the outstanding shares of First Interstate common stock must vote in favor of the proposal to approve and adopt the merger agreement. Each share of First Interstate Class A common stock has one vote on each matter presented to shareholders and each share of First Interstate Class B common stock has five votes on each matter presented to shareholders, including the proposal to approve and adopt the merger agreement.

Holders of a majority of the outstanding shares Cascade common stock must vote in favor of the proposal to approve and adopt the merger agreement. Each share of Cascade common stock has one vote on each matter presented to shareholders, including the proposal to approve and adopt the merger agreement.

Q: What vote is required to approve the items other than the merger agreement?

A: For First Interstate shareholders: Approval of the amended and restated articles of incorporation of First Interstate requires the affirmative vote of the holders of the greater of: (1) a majority of the voting power of First Interstate Class A and Class B common stock, voting together as a single class; or (2) two-thirds of the voting power of First Interstate Class A common stock and First Interstate Class B common stock present in person or represented by proxy, voting together as a single class. Additionally, the approval of the amended and restated articles of incorporation of First Interstate requires the vote of the holders of a majority of the outstanding shares of First Interstate Class A common stock and First Interstate Class B common stock, each voting separately as a class. The affirmative vote of a majority of the voting power of First Interstate common stock present in person or by proxy is required to adjourn the meeting, if necessary, to permit further solicitation of proxies, with First Interstate Class A common stock and First Interstate Class B common stock voting together as a single class.

For Cascade shareholders: Each of the proposals to (1) approve the non-binding advisory vote on the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger, (2) approve, on a non-binding advisory basis, the amended and restated articles of incorporation of First Interstate and (3) adjourn the meeting if necessary to permit further solicitation of proxies requires that the votes cast in favor of such proposal exceed the votes cast against such proposal.

Table of Contents

Q: What are the quorum requirements for the shareholder meetings?

A: The presence in person or by proxy of shareholders holding a majority of the voting power of First Interstate common stock and Cascade common stock at their respective shareholder meetings will constitute a quorum.

Q: When and where is the First Interstate special meeting?

A: The special meeting of First Interstate shareholders is scheduled to take place at the First Interstate Bank Operation Center, 1800 Sixth Avenue North, Billings, Montana 59101 at :00 .m., local time, on [Meeting Date].

Q: When and where is the Cascade special meeting?

A: The special meeting of Cascade shareholders is scheduled to take place at Cascade s headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97703 at :00 .m., local time, on [Meeting Date].

Q: Who is entitled to vote at the shareholder meetings?

A: Holders of shares of First Interstate common stock at the close of business on [Record Date] are entitled to vote at the First Interstate special meeting. As of the record date, [] shares of First Interstate Class A common stock were outstanding and entitled to vote and [] shares of First Interstate Class B common stock were outstanding and entitled to vote.

Holders of shares of Cascade common stock at the close of business on [Record Date] are entitled to vote at the Cascade special meeting. As of the record date, [] shares of Cascade common stock were outstanding and entitled to vote.

Q: If I plan to attend the shareholder meeting in person, should I still return my proxy?

A: Yes. Whether or not you plan to attend the shareholder meeting, you should promptly submit your proxy so that your shares will be voted at the special meeting. The failure of a shareholder to vote in person or by proxy will have the same effect as a vote AGAINST the merger agreement and, for First Interstate shareholders, a vote AGAINST the amended and restated articles of incorporation of First Interstate.

Q: What do I need to do now to vote my shares of common stock?

A: For First Interstate Shareholders: If you are a shareholder of record, you can vote your shares as follows:

via internet at <http://www.voteproxy.com>;

via telephone by calling 1-800-PROXIES in the United States or 1-718-921-8500 in foreign countries;

by completing and returning the proxy card that is enclosed; or

by voting in person at the meeting.

Please refer to the specific instructions set forth on the proxy card. We encourage you to vote via the internet or by telephone.

For Cascade Shareholders: If you are a shareholder of record, you can vote your shares as follows:

via internet at <http://www.proxyvote.com>;

via telephone by calling 1-800-690-6903;

by completing and returning the proxy card that is enclosed; or

by voting in person at the meeting.

Please refer to the specific instructions set forth on the proxy card. We encourage you to vote via the internet or by telephone.

Table of Contents

Q: How do I change my vote after I have submitted my proxy?

A: You may change your vote at any time before your proxy is voted at the meeting by: (1) filing with the Corporate Secretary a duly executed revocation of proxy; (2) submitting a new proxy card with a later date; (3) voting again via the internet or by telephone; or (4) voting in person at the meeting (your attendance at the meeting will not by itself revoke your proxy).

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?

A: No. Your broker, bank or other nominee will not be able to vote your shares of common stock on the proposal to approve and adopt the merger agreement or on the other proposals unless you provide instructions on how to vote. Please instruct your broker, bank or other nominee how to vote your shares, following the directions that your broker, bank or other nominee provides. If you do not provide instructions to your broker, bank or other nominee, your shares will not be voted, and this will have the effect of voting AGAINST the merger agreement and, for First Interstate shareholders, a vote AGAINST the amended and restated articles of incorporation of First Interstate. Please review the instructions from your broker, bank or other nominee to see if your broker, bank or other nominee offers telephone or internet voting.

Q: What are the deadlines for voting?

A: You may: (1) vote by mail at any time before the meeting as long as your proxy is received before the time of the meeting; or (2) vote by internet or telephone by : a.m., [mountain time,] on the [Meeting Date].
If your shares are held in street name, you must vote your shares according to the voting instructions form by the deadline set by your broker, bank or other nominee.

Q: As a First Interstate shareholder, why am I being asked to vote on the amended and restated articles of incorporation?

A: The changes to the articles of incorporation of First Interstate generally provide that the holders of First Interstate Class A common stock and First Interstate Class B common stock will receive the same consideration in certain mergers and other transactions unless the merger or other transaction is approved by holders of 70% of First Interstate Class A common stock, voting as a separate class.

Q: What will happen if the First Interstate shareholders do not approve the amended and restated articles of incorporation of First Interstate?

A:

Approval of the amended and restated articles of incorporation of First Interstate is a condition to completion of the merger. Therefore, if the merger is approved by the shareholders but the amended and restated articles of incorporation of First Interstate are not, we will not complete the merger unless the condition is waived by First Interstate and Cascade.

Q: As a Cascade shareholder, why am I being asked to cast a non-binding advisory vote to approve the compensation that that will or may become payable to Cascade s named executive officers in connection with the merger?

A: The SEC adopted rules that require Cascade to seek a non-binding advisory vote with respect to certain golden parachute compensation that will or may become payable to Cascade s named executive officers in connection with the merger.

Q: What will happen if Cascade shareholders do not approve the compensation that will or may become payable to Cascade s named executive officers in connection with the merger?

A: The vote with respect to the golden parachute compensation is an advisory vote and will not be binding on Cascade or First Interstate. Approval of the compensation that will or may become payable to Cascade s named executive officers is not a condition to completion of the merger. Therefore, if the merger agreement is approved by Cascade s shareholders and the merger is subsequently completed, the compensation will still be paid to Cascade s named executive officers, whether or not Cascade shareholders approve the compensation at the meeting.

Table of Contents

Q: As a Cascade shareholder, why am I being asked to vote on a non-binding advisory basis to approve the amended and restated articles of incorporation of First Interstate?

A: Although a separate vote on this proposal by Cascade's shareholders is not required to effectuate the merger under applicable Oregon law, nor is it required by the merger agreement to complete the merger, Cascade shareholders are being given the opportunity to express their views on certain material amendments to an acquiror's organizational documents, which in this case includes whether to approve the amended and restated articles of incorporation of First Interstate. However, the vote by Cascade shareholders to approve the amended and restated articles of incorporation of First Interstate is an advisory vote and will not be binding on Cascade or First Interstate. Therefore, if the merger agreement is approved by Cascade's shareholders and the merger is subsequently completed, the amended and restated articles of incorporation will be amended at the completion of the merger.

Q: What are the tax consequences of the merger to me?

A: It is a condition to the completion of the merger that First Interstate and Cascade receive written opinions from their respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to in this document as the Internal Revenue Code. Subject to the limitations and qualifications described in the section entitled *Description of the Merger Material U.S. Federal Income Tax Consequence of the Merger*, if you are a United States holder of Cascade common stock, you will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the First Interstate Class A common stock and cash you receive exceeds your tax basis in your Cascade common stock and (2) the amount of cash you receive (in each case excluding any cash received instead of fractional shares of Cascade common stock).

You should read *Description of the Merger Material U.S. Federal Income Tax Consequence of the Merger* beginning on page [] of this document for more information about the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the merger to you.**

Q: Who can answer my other questions?

A: If you have more questions about the merger, the shareholder meetings or how to submit your proxy, or if you need additional copies of this document or a proxy card:

First Interstate

Shareholders should contact:

Cascade

Shareholders should contact:

[Proxy Solicitor]

Table of Contents

SUMMARY

This summary highlights selected information in this document and does not contain all of the information that may be important to you. For more information about the merger, the merger agreement and the shareholder meetings, you should read this entire document carefully, including the annexes and the documents attached to or incorporated by reference into this document.

The Companies

First Interstate BancSystem, Inc.

401 North 31st Street

Billings, Montana 59116

(406) 255-5304

First Interstate, a Montana corporation, is a bank holding company headquartered in Billings, Montana. First Interstate Class A common stock is listed on The Nasdaq Global Select Market under the symbol FIBK. It is the parent company of First Interstate Bank, a Montana-chartered bank. First Interstate Bank is a community oriented bank that conducts a full-service banking business through 81 offices, including online and mobile banking services, throughout Montana, Wyoming and South Dakota. At September 30, 2016, First Interstate had total assets of \$8.97 billion, total deposits of \$7.33 billion and shareholders' equity of \$982.5 million.

Cascade Bancorp

1100 N.W. Wall Street

Bend, Oregon 97703

(877) 617-3400

Cascade, an Oregon corporation, is a bank holding company headquartered in Bend, Oregon. Cascade common stock is listed on The Nasdaq Capital Market under the symbol CACB. Cascade conducts its operations primarily through its wholly owned subsidiary, Bank of the Cascades, an Oregon-chartered bank originally founded in 1977. Cascade Bank provides full-service community banking through its 50 banking offices in Oregon, Idaho and Washington. As of September 30, 2016, Cascade had total assets of \$3.17 billion, total deposits of \$2.75 billion and total shareholders' equity of \$367.0 million.

Special Meeting of First Interstate Shareholders; Required Vote (page [])

A special meeting of First Interstate shareholders is scheduled to be held at the First Interstate Bank Operation Center, 1800 Sixth Avenue North, Billings, Montana 59101 at :00 .m. local time, on [Meeting Date]. At the special meeting, First Interstate shareholders will be asked to vote on the approval and adoption of the merger agreement that provides for the merger of Cascade with and into First Interstate. First Interstate shareholders will also be asked to vote to approve the amended and restated articles of incorporation of First Interstate and on a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to approve and adopt the merger agreement or approve the amended and restated articles

of incorporation of First Interstate.

Only First Interstate shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the First Interstate special meeting and any adjournments or postponements of the meeting.

Approval and adoption of the merger agreement requires the affirmative vote of holders of two-thirds of the voting power of First Interstate common stock. Approval of the amended and restated articles of incorporation of

Table of Contents

First Interstate requires the affirmative vote of the holders of the greater of: (1) a majority of the voting power of First Interstate Class A and First Interstate Class B common stock, voting together as a single class; or (2) two-thirds of the voting power of First Interstate Class A and First Interstate Class B common stock present in person or represented by proxy at the special meeting, voting together as a single class. Additionally, the approval of the amended and restated articles of incorporation of First Interstate requires the vote of the holders of a majority of the outstanding shares of the First Interstate Class A common stock and First Interstate Class B common stock, each voting separately as a class. The affirmative vote of a majority of the voting power of First Interstate common stock present in person or by proxy is required to adjourn the meeting if necessary to permit further solicitation of proxies.

As of the record date, there were [] shares of First Interstate Class A common stock outstanding and [] shares of First Interstate Class B common stock outstanding. The directors and executive officers of First Interstate, and their affiliates, as a group, beneficially owned [] shares of First Interstate Class A common stock and [] shares of First Interstate Class B common stock, which collectively represented []% of the voting power of First Interstate common stock as of the record date. All of the directors of First Interstate, who collectively own [] shares of First Interstate Class A common stock and [] shares of First Interstate Class B common stock, which collectively represented []% of the voting power of First Interstate common stock as of the record date, have entered into voting agreements with Cascade pursuant to which they agreed to vote their shares of First Interstate common stock in favor of the merger agreement and the amended and restated articles of incorporation of First Interstate at the special meeting.

Special Meeting of Cascade Shareholders; Required Vote (page [])

A special meeting of Cascade shareholders is scheduled to be held at Cascade's headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97703 at :00 .m. local time, on [Meeting Date]. At the special meeting, Cascade shareholders will be asked to vote on the approval and adoption of the merger agreement that provides for the merger of Cascade with and into First Interstate. Cascade shareholders will also be asked to vote to approve a non-binding advisory resolution approving the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger, to approve on a non-binding advisory basis the amended and restated articles of incorporation of First Interstate and on a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to approve and adopt the merger agreement.

Only Cascade shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the Cascade special meeting and any adjournments or postponements of the meeting.

Approval and adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Cascade common stock entitled to vote. Each of the proposals to (1) approve the non-binding advisory vote on the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger, (2) approve, on a non-binding advisory basis, the amended and restated articles of incorporation of First Interstate and (3) adjourn the meeting if necessary to permit further solicitation of proxies requires that the votes cast in favor of each proposal exceed the votes cast against each proposal.

As of the record date, there were [] shares of Cascade common stock outstanding. The directors and executive officers of Cascade, and their affiliates, as a group, beneficially owned [] shares of Cascade common stock, representing []% of the outstanding shares of Cascade common stock as of the record date. All of the directors and certain shareholders of Cascade, who collectively own [] shares of Cascade common stock, which represents []% of the outstanding shares of Cascade common stock as of the record date, have agreed to vote their shares in favor of the merger agreement at the special meeting.

Table of Contents**The Merger and the Merger Agreement (page [])**

First Interstate's acquisition of Cascade is governed by a merger agreement. The merger agreement provides that, if all of the conditions to the completion of the merger are satisfied or waived, Cascade will be merged with and into First Interstate, with First Interstate as the surviving entity. Immediately following the merger, Cascade Bank will merge with and into First Interstate Bank, with First Interstate Bank as the surviving entity. **We encourage you to read the merger agreement, which is included as Annex A to this document.**

What Cascade Shareholders Will Receive in the Merger (page [])

Upon completion of the merger, each share of Cascade common stock outstanding immediately prior to the completion of the merger will be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, without interest. Immediately following completion of the merger, Cascade shareholders will own approximately 34.1% of the outstanding shares of First Interstate Class A common stock and 20.0% of the aggregate outstanding shares of First Interstate common stock, which equates to 7.6% of the voting power of First Interstate common stock.

Comparative Market Prices (page [])

The following table shows the closing price per share of First Interstate Class A common stock, the closing price per share of Cascade common stock and the equivalent price per share of Cascade common stock, giving effect to the merger, on November 17, 2016, which is the last day on which shares of each of First Interstate Class A common stock and Cascade common stock traded preceding the public announcement of the proposed merger, and on [], 2017, the most recent practicable date before the mailing of this document. The implied value of one share of Cascade common stock is computed by multiplying the price of a share of First Interstate Class A common stock by the 0.14864 exchange ratio and adding the \$1.91 in cash to be received by a Cascade shareholder.

	First Interstate Common Stock	Cascade Common Stock	Implied Value of One Share of Cascade Common Stock
November 17, 2016	\$ 38.40	\$ 6.94	\$ 7.62
[], 2017			

Treatment of Cascade Equity Awards (page [])

At the effective time of the merger, each option to purchase shares of Cascade common stock outstanding immediately before the effective time of the merger, whether or not vested, will be cancelled and, upon First Interstate's receipt of an option surrender agreement from the holder, exchanged for a cash payment equal to the product of (1) the number of shares of Cascade common stock subject to the stock option multiplied by (2) the amount by which the merger consideration exceeds the exercise price of such option, less applicable withholding taxes. For purposes of this calculation, the merger consideration is the sum of the cash consideration and the product of the exchange ratio times the average closing sales price of First Interstate Class A common stock over the 20 consecutive trading days ending on the fifth day before the closing date of the merger.

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At the effective time of the merger, each outstanding share of restricted stock will vest and be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, without interest.

At the effective time of the merger, each Cascade restricted stock unit outstanding immediately before the effective time of the merger, whether or not vested, will be cancelled in exchange for a cash payment equal to the

Table of Contents

product of (1) the number of shares of Cascade common stock subject to the restricted stock unit multiplied by (2) the merger consideration, less applicable withholding taxes. For purposes of this calculation, the merger consideration is the sum of the cash consideration and the product of the exchange ratio times the average closing sales price of First Interstate Class A common stock over the 20 consecutive trading days ending on the fifth day before the closing date of the merger.

If the price of First Interstate Class A common stock used in determining the payments to Cascade's equity holders was \$[], which was the closing price of First Interstate Class A common stock on [], 2017, the most recent practicable trading before the date of this document, the aggregate payments made to holders of outstanding Cascade stock options and Cascade restricted stock units would be approximately \$[] and \$[], respectively.

Recommendation of First Interstate Board of Directors (page [])

First Interstate's board of directors has unanimously approved the merger agreement. First Interstate's board of directors believes that the merger agreement, including the bank merger agreement under which Cascade Bank will merge with and into First Interstate Bank, is fair to, and in the best interests of, First Interstate and its shareholders, and therefore **unanimously recommends that First Interstate shareholders vote FOR the proposal to approve and adopt the merger agreement.** In its reaching this decision, First Interstate's board of directors considered many factors, including the factors described in the section entitled *Description of the Merger First Interstate's Reasons for the Merger* beginning on page [].

Opinion of First Interstate's Financial Advisor (page [])

First Interstate engaged Barclays Capital Inc., which we refer to in this document as Barclays, to act as its financial advisor with respect to a possible purchase of Cascade, pursuant to an engagement letter dated October 13, 2016. In deciding to approve the proposed merger, First Interstate's board of directors considered the oral opinion of Barclays, confirmed by delivery of a written opinion, dated November 16, 2016, to First Interstate's board of directors to the effect that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the merger consideration to be paid by First Interstate in the proposed merger was fair to First Interstate, from a financial point of view.

The full text of Barclays' written opinion, dated as of November 16, 2016, is attached as Annex B to this document. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety.

Recommendation of Cascade Board of Directors (page [])

Cascade's board of directors has unanimously approved the merger agreement. Cascade's board of directors believes that the merger agreement, including the bank merger agreement pursuant to which Cascade Bank will merge with and into First Interstate Bank, is fair to, and in the best interests of, Cascade and its shareholders, and therefore **unanimously recommends that Cascade shareholders vote FOR the proposal to approve and adopt the merger agreement.** In its reaching this decision, Cascade's board of directors considered many factors, including the factors described in the section entitled *Description of the Merger Background of and Cascade's Reasons for the Merger* beginning on page [].

Opinion of Cascade's Financial Advisor (page [])

In deciding to approve the merger agreement, Cascade's board of directors considered the opinion of Piper Jaffray & Co., which we refer to in this document as Piper Jaffray. Piper Jaffray, which served as Cascade's

Table of Contents

financial advisor, delivered its opinion dated November 16, 2016 that the merger consideration is fair to the holders of Cascade common stock from a financial point of view.

The full text of Piper Jaffray's written opinion, dated as of November 16, 2016, is attached as Annex C to this document. Piper Jaffray's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Piper Jaffray in rendering its opinion. You are encouraged to read the opinion carefully in its entirety.

No Appraisal Rights for Cascade Shareholders (page [])

Because Cascade is an Oregon corporation and Cascade common stock is listed on the Nasdaq Capital Market, a national securities exchange, under Oregon law, Cascade shareholders will not be entitled to appraisal rights in connection with the merger with respect to their shares of Cascade common stock.

Regulatory Approvals (page [])

Under the terms of the merger agreement, the bank merger cannot be completed unless it is first approved by the Board of Governors of the Federal Reserve System, which we refer to in this document as the Federal Reserve Board, the Montana Division of Banking and Financial Institutions, which we refer to in this document as the Montana Division, and the Director of the Oregon Department of Consumer and Business Services acting by and through the Administration of the Division of Financial Regulation, which we refer to in this document as the Oregon Division. First Interstate must also receive the prior approval of, or waiver from, the Federal Reserve Board for the merger. While First Interstate does not know of any reason why it would not be able to obtain approval in a timely manner, First Interstate cannot be certain when or if it will receive regulatory approval.

Conditions to Completing the Merger (page [])

The completion of the merger is subject to the fulfillment of a number of conditions, including:

approval and adoption of the merger agreement by the shareholders of First Interstate and of Cascade;

approval of the amended and restated articles of incorporation of First Interstate by First Interstate shareholders;

filing by First Interstate of a form with Nasdaq for the listing of shares of First Interstate Class A common stock to be issued in the merger and Nasdaq has authorized and not objected to the listing of such shares of First Interstate Class A common stock;

approval of the merger and bank merger by the appropriate regulatory authorities;

receipt by each party of an opinion from its legal counsel to the effect that the merger will be treated for federal income tax purposes as a reorganization under the Internal Revenue Code;

the accuracy of the representations and warranties in the merger agreement, subject to certain materiality or material adverse effect qualifications described in the merger agreement; and

the performance in all material respects of their respective obligations under the merger agreement.

Table of Contents

Termination (page [])

The merger agreement may be terminated by mutual written consent of First Interstate and Cascade at any time before the completion of the merger. Additionally, subject to conditions and circumstances described in the merger agreement, either First Interstate or Cascade may terminate the merger agreement if, among other things, any of the following occur:

a required regulatory approval is denied or a governmental authority permanently enjoins or prohibits the merger;

the merger has not been completed by November 17, 2017; provided, that if all the conditions to completing the merger have been satisfied by November 17, 2017 except for the receipt of required regulatory approvals, either First Interstate or Cascade may extend the termination date under this provision by six months;

by either party, if the other party breaches a covenant or agreement or if any representation or warranty of the other party has become untrue (subject to the materiality standard contained in the merger agreement) and such breach or untrue representation or warranty has not been or cannot be cured within 30 days following written notice to the party in default; or

First Interstate shareholders or Cascade shareholders do not approve and adopt the merger agreement or First Interstate shareholders do not approve the amended and restated articles of incorporation of First Interstate. First Interstate may terminate the merger agreement if Cascade breaches its agreements in any material respect regarding the solicitation of other acquisition proposals and the submission of the merger agreement to shareholders, or if Cascade's board of directors does not recommend approval and adoption of the merger agreement in this document or withdraws or revises its recommendation in a manner adverse to First Interstate.

Cascade may terminate the merger agreement if First Interstate breaches its agreements in any material respect regarding the submission of the merger agreement to First Interstate's shareholders, or if First Interstate's board of directors does not recommend approval and adoption of the merger agreement in this document or withdraws or revises its recommendation to First Interstate's shareholders in a manner adverse to Cascade.

Cascade may terminate the merger agreement to enter into an agreement with respect to a superior proposal to be acquired by a third party but only if the failure to enter into such third party acquisition proposal would be more likely than not to result in a violation of the Cascade's board of directors' fiduciary duties and subject to other conditions described in the merger agreement. Before this termination right can be exercised, First Interstate would have the right to propose an amendment or modification to the merger agreement.

Termination Fee (page [])

Cascade will be required to pay First Interstate a termination fee of \$22.1 million if, among other things, Cascade terminates the merger agreement to enter into a superior proposal; First Interstate terminates the merger agreement if Cascade breaches in any material respect its agreements regarding the solicitation of other acquisition proposals and

the submission of the merger agreement to shareholders; or if First Interstate terminates the merger agreement because Cascade's board of directors does not recommend approval of the merger agreement in this document or withdraws or revises its recommendation in a manner adverse to First Interstate. First Interstate will pay the same termination fee to Cascade if Cascade terminates the merger agreement because First Interstate breaches in any material respect its agreements regarding the submission of the merger agreement to shareholders or if First Interstate's board of directors does not recommend approval of the merger agreement in this document or withdraws or revises its recommendation to First Interstate's shareholders in a manner adverse to Cascade.

Table of Contents

Interests of Cascade's Directors and Executive Officers in the Merger (page [])

In considering the information contained in this document, you should be aware that Cascade's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Cascade shareholders generally. These interests include, among other things:

employment agreements between Cascade and each of Terry E. Zink, President and Chief Executive Officer of Cascade, Charles N. Reeves, Executive Vice President and Chief Operating Officer of Cascade, Gregory D. Newton, Executive Vice President and Chief Financial Officer of Cascade, Daniel J. Lee, Executive Vice President and Chief Credit Officer of Cascade and Peggy Biss, Executive Vice President and Chief Administrative Officer of Cascade, that each provide for cash severance payments and continued life insurance and non-taxable medical and dental benefits if the executive's employment is voluntarily terminated for good reason or involuntarily terminated without cause within 12 months before or 18 months following a change in control;

First Interstate's interest in retaining Charles N. Reeves, Executive Vice President and Chief Operating Officer of Cascade, as First Interstate's Chief Banking Officer West pursuant to which Mr. Reeves and First Interstate may enter into new compensatory arrangements;

the termination, accelerated vesting and payment of all outstanding Cascade stock options;

the acceleration of vesting of all outstanding Cascade restricted stock awards;

the termination of and payment for all outstanding Cascade restricted stock units, whether or not vested;

the appointment of two directors who are current directors of Cascade to First Interstate's board of directors immediately following the merger; and

the rights of Cascade officers and directors under the merger agreement to continued indemnification coverage and continued coverage under directors' and officers' liability insurance policies.

Board of Directors (page [])

Immediately after the completion of the merger, First Interstate's board of directors will consist of all the current directors of First Interstate and two current directors of Cascade.

Accounting Treatment of the Merger (page [])

The merger will be accounted for using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles.

Certain Differences in Shareholder Rights (page [])

When the merger is completed, Cascade shareholders will become First Interstate shareholders and their rights will be governed by Montana law and by First Interstate's articles of incorporation (as amended and restated) and bylaws.

Material U.S. Federal Income Tax Consequence of the Merger (page [])

It is a condition to the completion of the merger that First Interstate and Cascade receive written opinions from their respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Subject to the limitations and qualifications described in the section entitled *Description of the Merger Material U.S. Federal Income Tax Consequence of the*

Table of Contents

Merger, if you are a United States holder of Cascade common stock, you will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the First Interstate Class A common stock and cash you receive exceeds your tax basis in your Cascade common stock, and (2) the amount of cash you receive (in each case excluding any cash received instead of fractional shares of Cascade common stock).

Gain that you recognize in connection with the merger generally will constitute capital gain, except that depending on certain facts specific to you, any gain recognized could instead be taxable as a dividend.

This tax treatment may not apply to all Cascade shareholders. Determining the actual tax consequences of the merger to Cascade shareholders can be complicated. Cascade shareholders should consult their own tax advisor for a full understanding of the merger's tax consequences that are particular to each shareholder.

Table of Contents

RISK FACTORS

In deciding how to vote, you should consider carefully all of the information included in this document and its annexes and all of the information incorporated by reference and the risk factors identified by First Interstate and Cascade with respect to their operations included in their filings with the SEC, including in each case the Annual Reports on Form 10-K for the year ended December 31, 2015 and subsequent Quarterly Reports on Form 10-Q. See Where You Can Find More Information. In addition, you should consider the following risk factors.

Because the market price of First Interstate Class A common stock will fluctuate and the exchange ratio will not be adjusted for such changes, Cascade shareholders cannot be sure of the market value of the merger consideration they will receive.

Upon the completion of the merger, each share of Cascade common stock outstanding immediately prior to the completion of the merger will be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, without interest. The exchange ratio is fixed in the merger agreement and will not be adjusted for changes in the market price of either First Interstate Class A common stock or Cascade common stock. The market value of the merger consideration may vary from the closing price of First Interstate Class A common stock on the date we announced the execution of the merger agreement, on the date that this document was mailed to Cascade shareholders and First Interstate shareholders, on the date of the special meeting of the Cascade shareholders or First Interstate shareholders and on the date we complete the merger. Therefore, at the time of the special meeting, Cascade shareholders will not know or be able to calculate the market value of the First Interstate Class A common stock they will receive upon completion of the merger. For example, based on the range of closing prices of First Interstate Class A common stock during the period from November 17, 2016, the last trading day before public announcement of the merger, through [], 2017, the last practicable date before the date of this document, the merger consideration represented a market value ranging from a low of \$[] to a high of \$[] for each share of Cascade common stock.

Neither First Interstate nor Cascade are permitted to terminate the merger agreement or resolicit the vote of their respective shareholders solely because of changes in the market price of their common stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations.

First Interstate may be unable to successfully integrate Cascade's operations or retain Cascade's employees, which could adversely affect the combined company.

The merger involves the integration of two companies that have previously operated independently. The difficulties of combining the operations of the two companies include, among other things: integrating personnel with diverse business backgrounds; combining different corporate cultures; and retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the business and the loss of key personnel. The integration of the two companies will substantially benefit from the experience and expertise of certain key employees of Cascade who are expected to be retained by First Interstate. First Interstate may not be successful in retaining these employees for the time period necessary to successfully integrate Cascade's operations with those of First Interstate. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business and results of operations of First Interstate following the merger.

Additionally, First Interstate may not be able to successfully achieve the level of cost savings, revenue enhancements and other synergies that it expects, and may not be able to capitalize upon the existing customer relationships of

Cascade to the extent anticipated, or it may take longer, or be more difficult or expensive than expected, to achieve these goals. This could have an adverse effect on First Interstate's business, results of operation and stock price.

Table of Contents

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated that could delay or prevent the merger or have an adverse effect on the combined company following the merger.

Before the merger and the bank merger can be completed, First Interstate and Cascade must obtain approvals from the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Montana Division and the Oregon Division. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals, the regulators consider a variety of factors, including the regulatory standing of each party and the factors described under *Description of the Merger Regulatory Matters Relating to the Merger* beginning on page []. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay receipt of required approvals. The regulators may impose conditions on the completion of the merger or the bank merger or require changes to the terms of the merger or the bank merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or the bank merger or imposing additional costs on, limiting the revenues of the combined company following the merger and the bank merger, or imposing other conditions any of which might have an adverse effect on the combined company following the merger.

Implementation of the various provisions of the Dodd-Frank Act in particular provisions that are applicable to banks and bank holding companies with \$10 billion or more in assets may delay the receipt of regulatory approvals for the merger or increase the combined company's operating costs or otherwise have a material effect on the combined company's business, financial condition or results of operations after the merger.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, which we refer to in this document as the Dodd-Frank Act, resulted in several requirements for new banking regulations with \$10 billion or more in assets. As a result of the merger, the combined company is expected to surpass this threshold, and these provisions, subject to a phase-in period, may significantly increase compliance or operating costs of the combined company or otherwise have a significant impact on the business, financial condition and results of operations of the combined company. Such provisions include:

The Dodd-Frank Act created the Consumer Financial Protection Bureau, which we refer to in this document as the CFPB, which has broad powers to supervise and enforce consumer protection laws. The CFPB has broad rule-making authority for a wide range of consumer protection laws that apply to all banks, including the authority to prohibit unfair, deceptive or abusive acts and practices. Currently, the Federal Reserve Board and the Montana Division examine First Interstate Bank for compliance with consumer protection laws. However, the CFPB has examination and enforcement authority over all banks with more than \$10 billion in assets, and accordingly will assume examination and enforcement authority over the combined company following the merger.

The Dodd-Frank Act has limited the interchange fees for electronic debt transactions by a payment card issuer to \$0.21 plus five basis points times the value of the transaction, plus up to \$0.01 for fraud prevention costs. Following the merger, this will lower significantly our interchange or swipe revenue.

The Dodd-Frank Act established 1.35% as the minimum Deposit Insurance Fund reserve ratio and has adopted a plan under which it will meet the statutory minimum fund reserve ratio of 1.35% by September 30, 2020. The Dodd-Frank Act requires the FDIC to offset the effect of the increase in the statutory minimum

fund reserve ratio to 1.35% from the former statutory minimum of 1.15% on institutions with assets less than \$10 billion. Following the merger, we will not be entitled to benefit from the offset.

Table of Contents

The Dodd-Frank Act requires a publicly traded bank holding company with \$10 billion or more in assets to establish and maintain a risk committee responsible for oversight of enterprise-wide risk management practices, which must be commensurate with the bank's structure, risk profile, complexity, activities and size.

A bank holding company with more than \$10 billion in assets is required under the Dodd-Frank Act to conduct annual stress tests to determine whether the capital planning of the combined company, assessment of its capital adequacy and risk management practices adequately protect it and its affiliates in the event of an economic downturn. The combined company will be required to report the results of its annual stress tests to the Federal Reserve Board, and it will be required to consider the results of the combined company's stress tests as part of its capital planning and risk management practices. Assuming the merger is consummated in the third quarter of 2017, the combined company is anticipated to be subject to the DFAST regime commencing on January 1, 2019, but well in advance of that date, the combined company will need to undertake the planning and other actions that it deems reasonably necessary to achieve timely compliance.

It is difficult to predict the overall compliance cost of these provisions, which will become effective (with a phase-in period) when the combined company surpasses \$10 billion in consolidated assets as a result of the merger. However, compliance with these provisions will likely require additional staffing, engagement of external consultants and other operating costs that could have a material adverse effect on the future financial condition and results of operations of the combined company.

The success of the merger and integration of First Interstate and Cascade will depend on a number of uncertain factors that could materially and adversely affect the financial condition and results of operations of the combined company or prevent the combined company from realizing the anticipated benefits of the merger.

The success of the merger and the ability to realize its anticipated benefits will depend on a number of factors, including:

First Interstate's ability to integrate the branches acquired from Cascade Bank in the merger into its current operations;

First Interstate's ability to limit the outflow of deposits held by its new customers in the acquired branches and to successfully retain and manage interest-earning assets acquired in the merger;

First Interstate's ability to control the incremental non-interest expense from the acquired branches in a manner that enables it to maintain a favorable overall efficiency ratio;

First Interstate's ability to retain and attract the appropriate personnel to staff the acquired branches; and

First Interstate's ability to earn acceptable levels of interest and non-interest income, including fee income, from the acquired branches.

Integrating the acquired branches will be an operation of substantial size and expense, and may be affected by general market and economic conditions or government actions affecting the financial industry generally. Integration efforts will also likely divert First Interstate's management's attention and resources. First Interstate may not be able to integrate the acquired branches successfully, and the integration process could result in the loss of key employees, the disruption of ongoing business, or inconsistencies in standards, controls, procedures and policies that adversely affect First Interstate's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. First Interstate may also encounter unexpected difficulties or costs during the integration that could adversely affect its earnings and financial condition, perhaps materially. Additionally, the operation of the acquired branches may adversely affect First Interstate's existing profitability, First Interstate may not be able to achieve results in the future similar to those achieved by its existing banking business or First Interstate may not be able to manage any growth resulting from the merger effectively.

Table of Contents

The unaudited pro forma combined condensed financial statements included in this document are preliminary and the actual financial condition and results of operations of First Interstate after the merger may differ materially.

The unaudited pro forma combined condensed financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what First Interstate's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma combined condensed financial data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. The unaudited pro forma combined condensed financial statements reflect adjustments, which are based upon preliminary estimates, to record the Cascade identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based on the actual purchase price and the fair value of the assets and liabilities of Cascade as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, please see *Unaudited Combined Consolidated Pro Forma Financial Data* beginning on page [].

Cascade and First Interstate will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Cascade or First Interstate. These uncertainties may impair Cascade's or First Interstate's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Cascade or First Interstate to seek to change existing business relationships with Cascade or First Interstate. Retention of certain employees by Cascade or First Interstate may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with the combined company. If key employees depart because of issues relating to the uncertainty and difficulty of integration, or a desire not to remain with Cascade or First Interstate, Cascade's business or First Interstate's business could be harmed. In addition, subject to certain exceptions, Cascade has agreed to operate its business in the ordinary course prior to closing. See *Description of the Merger Agreement Conduct of Business Before the Merger* for a description of the restrictive covenants applicable to Cascade and First Interstate.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Cascade.

Until the completion of the merger, with certain exceptions, Cascade is prohibited from initiating, soliciting, knowingly encouraging or taking other actions to facilitate any inquiries, discussions or the making of any proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person other than First Interstate. In addition, Cascade has agreed to pay a termination fee to First Interstate if the merger agreement is terminated in specified circumstances, including if Cascade terminates the merger agreement to enter into a superior proposal with another person. These provisions could discourage other companies from trying to acquire Cascade even though those other companies might be willing to offer greater value to Cascade's shareholders than First Interstate has offered in the merger. See *Description of the Merger Termination of the Merger Agreement* and *Termination Fee* for more information about the termination fee and Cascade's restrictions on solicitation.

Table of Contents

Certain of Cascade's officers and directors have interests that are different from, or in addition to, interests of Cascade's shareholders generally.

The directors and certain officers of Cascade have interests in the merger that are different from, or in addition to, the interests of Cascade shareholders generally. These include: (1) employment and change in control agreements for certain officers of Cascade and Cascade Bank that provide for cash severance payments and continued health insurance benefits upon completion of the merger; (2) a cash payment in connection with the termination of all outstanding Cascade stock options; (3) the acceleration of vesting of all outstanding restricted stock awards; (4) a cash payment in connection with the termination of all outstanding Cascade restricted stock units; (5) the appointment of two directors of Cascade to the board of directors of First Interstate immediately following the merger; and (6) provisions in the merger agreement relating to indemnification and advancement of expenses of directors and officers and insurance for directors and officers of Cascade for events occurring before the merger.

For a more detailed discussion of these interests, see *Description of the Merger Interests of Cascade's Directors and Executive Officers in the Merger* beginning on page [].

Failure to complete the merger could negatively impact the stock prices and future businesses and financial results of First Interstate and Cascade.

There can be no assurance that the merger will be completed. If the merger is not completed, the ongoing businesses of First Interstate and Cascade may be adversely affected and First Interstate and Cascade will be subject to a number of risks, including the following:

First Interstate and Cascade will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor, proxy solicitation and printing fees;

under the merger agreement, Cascade and First Interstate are subject to certain restrictions on the conduct of their respective businesses before completing the merger, which may adversely affect its ability to execute certain of its business strategies if the merger is terminated; and

matters relating to the merger may require substantial commitments of time and resources by First Interstate and Cascade management, which could otherwise have been devoted to other opportunities that may have been beneficial to First Interstate and Cascade as independent companies, as the case may be.

In addition, if the merger is not completed, First Interstate and/or Cascade may experience negative reactions from the financial markets and from their respective customers and employees. First Interstate and/or Cascade also could be subject to litigation related to any failure to complete the merger or to proceedings commenced by First Interstate or Cascade against the other seeking damages or to compel the other to perform its obligations under the merger agreement. These factors and similar risks could have an adverse effect on the results of operation, business and stock prices of First Interstate and Cascade.

Both First Interstate and Cascade shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management of the combined organization.

Each of First Interstate and Cascade shareholders currently have the right to vote in the election of their respective board of directors and on various other matters affecting their respective company. Upon the completion of the merger, Cascade's shareholders will become shareholders of First Interstate with a percentage ownership of the combined organization that is substantially smaller than such shareholders' percentage ownership of Cascade. Further, because shares of First Interstate Class A common stock will be issued to existing Cascade shareholders, the shareholders of First Interstate Class A common stock will have their ownership interests diluted by approximately 9.7% and voting interests diluted by approximately 1.2% and the shareholders

Table of Contents

of First Interstate Class B common stock will have their ownership interests diluted by approximately 10.4% and voting interests diluted by approximately 6.4%.

The reduced voting power of Cascade shareholders is further exacerbated due to the two classes of common stock that First Interstate maintains. First Interstate Class B common stock is entitled to five votes per share, while shares of First Interstate Class A common stock, which is what will be issued to Cascade shareholders, are entitled to one vote per share. As of [Record Date], members of the Scott family held [] shares of First Interstate Class B common stock and, therefore, controlled in excess of []% of the voting power of First Interstate's outstanding common stock. As a result, the Scott family will be able to exert a significant degree of influence or actual control over First Interstate's management and affairs and over matters requiring shareholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of First Interstate's assets and any other significant transaction. This concentrated control will limit Cascade shareholders' future ability to influence corporate matters, and the interests of the Scott family may not always coincide with First Interstate's interests or your interests.

The fairness opinions obtained by each of First Interstate and Cascade from their respective financial advisors will not reflect changes in circumstances after the date of such fairness opinions.

Barclays, First Interstate's financial advisor in connection with the merger, has delivered to the board of directors of First Interstate its opinion dated as of November 16, 2016. Piper Jaffray, Cascade's financial advisor in connection with the merger, has delivered to the board of directors of Cascade its opinion dated as of November 16, 2016. The opinions of the respective financial advisors state that as of the respective date of each opinion, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Cascade common stock pursuant to the merger agreement was fair from a financial point of view to First Interstate and Cascade shareholders, respectively. The opinions do not reflect changes that may occur or may have occurred after the date of such opinions, including changes to the operations and prospects of First Interstate or Cascade, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors on which each opinion is based, may materially alter or affect the estimated valuation conclusions reached in such opinions for First Interstate and Cascade.

Cascade shareholders do not have appraisal rights in the merger.

Appraisal rights are statutory rights that, if applicable under law, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the merger consideration offered to shareholders in connection with the extraordinary transaction. Under Oregon law, shareholders do not have appraisal rights with respect to shares of any class of stock that were listed on a national securities exchange. Because Cascade is an Oregon corporation and Cascade common stock is listed on the Nasdaq Capital Market, a national securities exchange, holders of shares of Cascade common stock will not be entitled to appraisal rights in connection with the merger with respect to their shares of Cascade common stock.

The shares of First Interstate common stock to be received by Cascade shareholders as a result of the merger will have different rights from the shares of Cascade common stock.

Upon completion of the merger, Cascade shareholders will become First Interstate shareholders. Their rights as shareholders will be governed by Montana corporate law and the articles of incorporation and bylaws of First Interstate. The rights associated with Cascade common stock are governed by Oregon corporate law and the articles of incorporation and bylaws of Cascade and are different from the rights associated with First Interstate common stock. See the section of this document entitled *Comparison of Rights of Shareholders* beginning on page [] for a discussion

of the different rights associated with First Interstate common stock.

Table of Contents

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this document that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The sections of this document that contain forward-looking statements include, but are not limited to, *Questions And Answers About the Merger and the Shareholder Meetings*, *Summary*, *Risk Factors*, *Description of the Merger Background of the Merger*, *Description of the Merger First Interstate s Reasons for the Merger*, *Description of the Merger Background of and Cascade s Reasons for the Merger* and *Unaudited Prospective Financial Information of Cascade and First Interstate*. You can identify these statements from the use of the words may, will, should, could, would, plan, potential, estimate, project, believe, intend, anticipate, expect, target and similar expressions.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things:

changes in general economic and business conditions;

the inability to successfully manage the credit, liquidity, operational and business risks associated with each of our businesses, including, among others, risks of changes in market interest rates affecting the yields on our loans and other interest-earning assets, the rates we pay on our deposits and other liabilities and resulting effects on our net interest income, and declines in commercial real estate values in the markets served by us;

management s assumptions and estimates used in applying the company s critical accounting policies, including, among others, determining appropriate amounts of provisions for loan losses, may prove unreliable and or not predictive of actual results;

increased competition from other banks and financial services companies, many of which have greater resources than First Interstate and Cascade combined;

unfavorable political developments;

adverse changes in governmental or regulatory policies, including adverse interpretations of regulatory guidelines;

material litigation or investigations that might be initiated against First Interstate or Cascade;

increased costs of complying with regulatory and legal requirements;

the design of our disclosure controls and procedures or internal controls may prove inadequate, or be circumvented, thereby causing losses or errors in information or a delay in the detection of fraud;

adverse evaluations by bank regulatory authorities of the quality of our loans or other assets, management, systems of internal control or business risk identification, assessments and management, and restrictions on our growth or other aspects of our business that such regulatory authorities may impose as a result of such adverse evaluations; and

other factors set forth in the *Risk Factors* section beginning on page [] of this document, and those set forth under the caption *Risk Factors* in First Interstate's and Cascade's Annual Reports on Form 10-K for the year ended December 31, 2015 and other reports filed by First Interstate and Cascade with the SEC.

Because of these and other uncertainties, First Interstate's and Cascade's actual results, performance or achievements, or industry results, may be materially different from the results, performance or achievements expressed or implied by these forward-looking statements. In addition, First Interstate's and Cascade's past results of operations do not necessarily indicate First Interstate's and Cascade's standalone or combined future

Table of Contents

results. You should not place undue reliance on any forward-looking statements, which speak only as of the dates on which they were made. Neither Cascade nor First Interstate is undertaking an obligation to update these forward-looking statements, even though their situations may change in the future, except as required under federal securities law. First Interstate and Cascade qualify all of their forward-looking statements by these cautionary statements.

We discuss additional factors that could affect the financial condition, results of operations, liquidity or capital resources of First Interstate or Cascade before or after the merger in the documents incorporated herein by reference. See *Where You Can Find More Information* for a list of First Interstate and Cascade documents incorporated by reference.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION**

The following tables present selected consolidated financial information for First Interstate and for Cascade at and for the dates indicated. The following information is only a summary and not necessarily indicative of the results of future operations of First Interstate, Cascade or the combined company. The summary financial information for First Interstate and Cascade is derived from prior filings made with the SEC, which are incorporated by reference into this document. The financial information for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 should be read in connection with the audited consolidated financial statements and related notes thereto included in the respective party's Annual Report on Form 10-K for the year ended December 31, 2015. The financial information for the nine-month periods ended September 30, 2016 and 2015 should be read in connection with the unaudited financial statements and notes thereto included in the respective party's Quarterly Report on Form 10-Q for the period ended September 30, 2016. See *Where You Can Find More Information* on page [].

Selected Consolidated Historical Financial Data of First Interstate

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
(Dollars in thousands, except per share amounts)							
FINANCIAL CONDITION DATA							
Total assets	\$ 8,973,847	\$ 8,604,530	\$ 8,728,196	\$ 8,609,936	\$ 7,564,651	\$ 7,721,761	\$ 7,325,527
Cash and cash equivalents	701,367	708,295	780,457	798,670	534,827	801,332	472,447
Investment securities	2,072,273	2,067,636	2,057,505	2,287,110	2,151,543	2,203,481	2,169,645
Net loans	5,449,680	5,102,224	5,169,379	4,823,243	4,259,514	4,123,401	4,073,968
Securities sold under repurchase agreements	476,768	437,533	510,635	502,250	457,437	505,785	516,243
Deposits	7,328,581	7,035,794	7,088,937	7,006,212	6,133,750	6,240,411	5,826,971
Long-term debt	27,949	43,089	27,885	38,067	36,917	37,160	37,200
Subordinated debentures held by subsidiary trusts	82,477	82,477	82,477	82,477	82,477	82,477	123,715
Common stockholders equity	982,504	938,575	950,493	908,924	801,581	751,186	721,020
Preferred stockholders equity							60,000

OPERATING DATA

Net interest income	\$ 206,164	\$ 195,943	\$ 264,363	\$ 248,461	\$ 236,967	\$ 243,786	\$ 250,852
Provision (credit) for loan losses	8,913	3,533	6,822	(6,622)	(6,125)	40,750	58,151
Non-interest income	93,714	90,859	120,929	111,401	111,679	114,861	91,872
Non-interest expense	183,461	187,897	248,013	236,869	222,069	229,635	218,412
Income tax expense	36,633	32,008	43,662	45,214	46,566	30,038	21,615
Net income	70,871	63,364	86,795	84,401	86,136	58,224	44,546
Preferred stock dividends ⁽¹⁾						3,300	3,422
Net income of common stockholders	70,871	63,364	86,795	84,401	86,136	54,924	41,124

COMMON SHARE DATA

Basic earnings per share	\$ 1.59	\$ 1.40	\$ 1.92	\$ 1.89	\$ 1.98	\$ 1.28	\$ 0.96
Diluted earnings per share	1.58	1.39	1.90	1.87	1.96	1.27	0.96
Dividends per share	0.66	0.60	0.80	0.64	0.41	0.61	0.45
Book value per share ⁽²⁾	21.89	20.70	20.92	19.85	18.15	17.35	16.77
Outstanding shares (basic)	44,585,544	45,223,988	45,184,091	44,615,060	43,566,681	42,965,987	42,749,526
Outstanding shares (diluted)	44,884,912	45,705,624	45,646,418	45,210,561	44,044,602	43,092,978	42,847,196

KEY OPERATING RATIOS

Return on average assets	1.10%	1.00%	1.02%	1.06%	1.16%	0.79%	0.61%
Return on average common equity	9.92	9.21	9.37	9.86	11.05	7.46	5.86
Interest rate spread	3.40	3.37	3.39	3.41	3.44	3.52	3.65
Net interest margin ⁽³⁾	3.56	3.45	3.46	3.49	3.54	3.66	3.80
Average stockholders equity to average assets	11.07	10.86	10.87	10.77	10.49	10.57	10.25
	41.51	42.86	41.65	33.83	20.71	47.66	46.88

Dividend payout ratio ⁽⁴⁾								
Efficiency ratio ⁽⁵⁾	61.18	65.51	64.37	65.82	63.69	64.03	63.73	
Allowance for loan losses to total loans	1.47	1.43	1.46	1.52	1.96	2.38	2.69	
Non-performing loans to total loans ⁽⁶⁾	1.44	1.35	1.37	1.32	2.22	2.61	4.87	
Non-performing assets to total assets ⁽⁷⁾	0.99	0.90	0.90	0.91	1.48	1.85	3.30	
Allowance for loan losses to non-performing loans	102.05	106.51	106.71	114.58	88.28	91.31	55.16	
Net charge-offs to average loans	0.11	0.07	0.08	0.10	0.21	1.26	1.54	
CAPITAL RATIOS								
Total risk-based capital ratio	14.87	15.28	15.36	16.15	16.75	15.59	16.54	
Tier 1 risk-based capital ratio	13.56	13.83	13.99	14.52	14.93	13.60	14.55	
Leverage ratio	10.22	10.13	10.12	9.61	10.08	8.81	9.84	
Common equity tier 1 risk-based	12.32	12.52	12.69	13.08	13.31	11.94	11.04	

(1) On December 18, 2012, First Interstate provided notice to its shareholders of its intention to redeem the preferred stock on January 18, 2013.

Table of Contents

- (2) Book value equals common stockholders' equity per share.
- (3) Net interest margin is presented on a fully taxable equivalent basis.
- (4) Dividend payout ratio represents dividends per common share divided by basic earnings per common share.
- (5) Efficiency ratio represents non-interest expense, excluding loan loss provision, divided by the aggregate of net interest income and non-interest income.
- (6) Non-performing loans include non-accrual loans and loans past due 90 days or more and still accruing interest.
- (7) Non-performing assets include non-accrual loans, loans past due 90 days or more and still accruing interest and other real estate owned.

Table of Contents**Selected Consolidated Historical Financial Data of Cascade**

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(Dollars in thousands, except per share amounts)						
FINANCIAL CONDITION DATA							
Total assets	\$ 3,174,821	\$ 2,468,273	\$ 2,468,029	\$ 2,341,137	\$ 1,406,219	\$ 1,301,417	\$ 1,303,450
Cash and cash equivalents	152,360	125,103	77,805	83,089	81,849	113,028	128,439
Securities held-to-maturity	141,326	143,793	139,424	152,579	1,320	1,813	2,488
Securities available-for-sale	523,275	296,139	310,262	319,882	194,481	257,544	209,506
Loans, net	2,034,353	1,619,238	1,662,095	1,468,784	973,618	829,057	853,153
Goodwill	84,775	78,610	78,610	80,082			
Deposits	2,745,081	2,082,995	2,083,088	1,981,622	1,167,320	1,076,234	1,086,827
Total stockholders equity	366,996	331,589	336,774	315,483	188,715	140,775	132,881
OPERATING DATA							
Net interest income	\$ 68,159	\$ 58,727	\$ 78,515	\$ 65,085	\$ 48,216	\$ 49,880	\$ 55,396
Provision for loan loss (recovery)		(2,000)	(4,000)		1,000	1,100	75,000
Non-interest income	21,167	19,201	24,973	20,171	14,453	13,091	10,967
Non-interest expenses	72,073	56,281	74,396	81,341	60,970	55,841	83,199
Income before income taxes	17,253	23,647	33,092	3,915	699	6,030	(91,836)
Net income (loss)	10,853	15,012	20,579	3,737	50,845	5,951	(47,276)
COMMON SHARE DATA							
Basic net income (loss) per share	\$ 0.15	\$ 0.21	\$ 0.29	\$ 0.06	\$ 1.08	\$ 0.13	\$ (1.08)
Diluted net income (loss) per share	0.15	0.21	0.29	0.06	1.07	0.13	(1.08)
Dividends declared per							

share							
Book value per share	4.81	4.56	4.63	4.35	3.97	2.97	2.81
Outstanding shares (basic)	72,533	71,744	71,789	62,265	47,187	47,128	43,628
Outstanding shares (diluted)	73,876	71,849	71,969	62,340	47,484	47,278	43,628
KEY OPERATING RATIOS							
Return (loss) on average assets	0.50%	0.83	0.84%	0.19%	3.78%	0.46%	(3.04)%
Return (loss) on average equity	4.18	6.20	6.30	1.41	28.89	4.34	(25.65)
Non-interest income to average assets	0.98	1.07	1.02	1.02	1.07	1.01	0.71
Non-interest expense to average assets	3.32	3.12	3.05	4.11	4.49	4.30	5.36
Net interest spread	3.48	3.67	3.62	3.69	3.75	3.85	3.42
Net interest margin	3.53	3.72	3.67	3.76	3.90	4.11	3.85
Common stockholders equity ratio	11.56	13.43	13.65	13.48	13.42	10.82	10.19
Efficiency ratio	80.69	72.22	71.89	95.41	97.29	88.68	125.37
Reserve for loan losses to ending gross loans	1.23	1.62	1.45	1.48	2.10	3.18	4.89
Reserve of credit losses to ending gross loans	1.25	1.64	1.47	1.51	2.14	3.23	5.07
Non-performing assets to total assets	0.46	0.36	0.34	0.64	0.81	1.94	2.33
Net loan (recoveries) charge-offs to average loans	(0.04)	(0.42)	(0.40)	(0.09)	0.81	2.06	7.20
CAPITAL RATIOS							
Total risk-based capital ratio	11.44	12.58	12.79	11.16	14.25	15.39	14.34
Tier 1 risk-based capital ratio	10.37	11.32	11.53	9.91	12.99	14.12	13.64
Tier 1 capital leverage ratio	8.37	9.13	9.40	7.66	10.49	10.44	9.42
	10.37	11.32	11.53	N/A	N/A	N/A	N/A

Common equity
tier 1 risk-based

25

Table of Contents**SUMMARY SELECTED UNAUDITED PRO FORMA COMBINED DATA**

The following tables show selected unaudited financial information on a pro forma combined basis giving effect to the merger as if the merger had become effective at the end of the period presented, in the case of balance sheet information, and at the beginning of 2015, in the case of income statement information. The selected unaudited pro forma information reflects the acquisition method of accounting.

First Interstate anticipates that the combined company will derive financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The selected unaudited pro forma information, while helpful in illustrating the financial characteristics of First Interstate following the merger under one set of assumptions, does not reflect all of these benefits and, accordingly, does not attempt to predict or suggest future results. The selected unaudited pro forma information also does not necessarily reflect what the historical results of First Interstate would have been had First Interstate and Cascade been combined during this period.

An exchange ratio of 0.14864 was used in preparing this selected pro forma information. You should read this selected summary pro forma information in conjunction with the information under *Pro Forma Financial Information* and with the historical information incorporated by reference into this document on which it is based.

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
	(In thousands, except per share data)	
Pro forma combined income statement data:		
Interest income	\$ 301,929	\$ 381,816
Interest expense	15,612	21,295
Net interest income	286,318	360,520
Provision for loan losses	9,413	3,572
Net interest income after provision for loan losses	276,905	356,948
Non-interest income	117,848	151,397
Non-interest expense	264,388	338,636
Income before income taxes	130,365	169,710
Income tax expense	45,136	58,485
Net income	\$ 85,229	\$ 111,224
Pro forma per share data:		
Basic earnings per share	\$ 1.53	\$ 1.97
Diluted earnings per share	\$ 1.52	