

FIRST INTERSTATE BANCSYSTEM INC

Form 424B3

April 13, 2017

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-215749**

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 March 17, 2017, First Interstate expects to issue approximately 11,327,284 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 \$581.1 million. The closing price of First Interstate Class A common stock on April 5, 2017, the most recent practicable trading day before the date of this document, was \$38.50, which represented a value of \$7.63 per share of Cascade common stock based on the exchange ratio and cash consideration, or total merger consideration of \$581.9 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:

First Interstate Bank Operations Center
1800 Sixth Avenue North
Billings, Montana 59101
May 24, 2017
4:00 p.m., local time

For Cascade shareholders:

Cascade Bank
1100 N.W. Wall Street
Bend, Oregon 97703
May 24, 2017
4:30 p.m., local time

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 16 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 April 7, 2017

and first mailed to shareholders of First Interstate and Cascade

on or about April 13, 2017.

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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 172.

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 May 17, 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 annual 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 April 7, 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.

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FIRST INTERSTATE BANCSYSTEM, INC.

401 North 31st Street

Billings, Montana 59116

Notice of Annual Meeting of Shareholders to be held on May 24, 2017

To the Shareholders of First Interstate:

The annual meeting of shareholders of First Interstate BancSystem, Inc. will be held at 4:00 p.m., local time, on May 24, 2017 at the First Interstate Bank Operation Center, 1800 Sixth Avenue North, Billings, Montana 59101. Any adjournments or postponements of the annual meeting will be held at the same location.

The purpose of the annual 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 annual 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 annual meeting to approve and adopt the merger agreement or the amended and restated articles of incorporation of First Interstate;
4. Elect four directors to serve three-year terms or until their respective successors have been elected and appointed;
5. Vote on a non-binding advisory resolution on executive compensation;
6. Conduct a non-binding advisory vote on the frequency of future advisory votes on executive compensation;
7. Ratify the appointment of RSM US LLP as the independent registered public accounting firm for First Interstate for the year ending December 31, 2017;
8. Vote on the amended and restated bylaws of First Interstate; and

9. Transact such other business as may be properly presented at the annual meeting and any adjournments or postponements of the annual 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, FOR each of the director nominees and for the option of Two Years for the frequency of future advisory votes on executive compensation.

First Interstate shareholders of record as of the close of business on March 17, 2017 are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the annual 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 annual meeting, we urge you to vote. Shareholders of record may vote:

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

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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 annual meeting.

If you have any questions or need assistance voting your shares, please contact our proxy solicitor, Laurel Hill Advisory Group, LLC, toll free at (888) 742-1305.

By Order of the Board of Directors,

Kirk D. Jensen

Corporate Secretary

Billings, Montana

April 13, 2017

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CASCADE BANCORP

1100 N.W. Wall Street

Bend, Oregon 97703

Notice of Special Meeting of Shareholders to be held May 24, 2017

To the Shareholders of Cascade:

The special meeting of shareholders of Cascade Bancorp will be held at 4:30 p.m., local time, on May 24, 2017 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 March 17, 2017 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

April 13, 2017

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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 First Interstate annual meeting and the Cascade special meeting. 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 March 17, 2017, the record date for the annual meeting of First Interstate, or a shareholder of Cascade as of March 17, 2017, 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 eight different proposals at the annual meeting:

1. the approval and adoption of a merger agreement that provides for the merger of Cascade with and into First Interstate;
2. the approval of amended and restated articles of incorporation for First Interstate;
3. 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;
4. the election of four directors to serve three-year terms or until their respective successors have been elected and appointed;
5. a non-binding advisory resolution approving executive compensation;
6. a non-binding advisory vote on the frequency of future advisory votes on executive compensation;

7. the ratification of the appointment of RSM US LLP as the independent registered public accounting firm for First Interstate for the year ending December 31, 2017; and

8. the approval of the amended and restated bylaws for 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

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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. First Interstate's board of directors also unanimously recommends that you vote FOR each of the nominees for director, vote FOR the approval of the non-binding resolution approving the executive compensation, mark the 2 YEAR box so that you have the opportunity to vote every two years on executive compensation, vote FOR ratification of RSM US LLP as independent registered public accounting firm and FOR the approval of the amended and restated bylaws 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.

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 77 and *Description of the Merger Background of and Cascade's Reasons for the Merger* on page 55.

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 \$581.1 million. The closing price of First Interstate Class A common stock on April 5, 2017, the most recent practicable trading day before the date of this document, was \$38.50, which represented a value of \$7.63 per share of Cascade common stock based on the exchange ratio and cash

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consideration, or total merger consideration of \$581.9 million. 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 55 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.**

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 101 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 16 of this document.

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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. Each of the proposals to (1) adjourn the meeting, if necessary, to permit further solicitation of proxies, (2) elect the nominees for directors, (3) approve the non-binding advisory resolution on executive compensation, (4) ratify RSM US LLP as the independent registered public accounting firm and (5) approve the amended and restated bylaws of First Interstate requires the affirmative vote of a majority of the votes cast, with First Interstate Class A common stock and First Interstate Class B common stock voting together as a single class.

The non-binding advisory vote on the frequency of future advisory votes on executive compensation will be determined by a plurality of the votes cast, meaning that the option with the greatest number of votes will be considered the recommendation of the shareholders.

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.

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 annual meeting?

A: The annual 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 4:00 p.m., local time, on May 24, 2017.

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 4:30 p.m., local time, on May 24, 2017.

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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 March 17, 2017 are entitled to vote at the First Interstate annual meeting. As of the record date, 21,923,892 shares of First Interstate Class A common stock were outstanding and entitled to vote and 23,217,418 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 March 17, 2017 are entitled to vote at the Cascade special meeting. As of the record date, 75,060,030 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 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.

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: 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 certain other proposals unless you provide instructions on how to vote. However, for First Interstate shareholders, your broker, bank or other nominee will be able to vote your shares of common stock on the proposal to ratify RSM US LLP as the independent registered public accounting firm even if you do not provide instructions on how to vote. Please instruct your broker, bank or other nominee how to vote your shares,

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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 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 11:59 p.m., Eastern time on May 23, 2017.

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 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.

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

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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 91 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:

Laurel Hill Advisory Group, LLC

2 Robbins Lane, Suite 201

Jericho, New York 11753

(888) 742-1305

Cascade

Shareholders should contact:

Cascade Bancorp

1100 N.W. Wall Street

P.O. Box 369

Bend, Oregon 97703

Attention: Investor Relations

(541) 617-3513

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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 December 31, 2016, First Interstate had total assets of \$9.06 billion, total deposits of \$7.38 billion and shareholders' equity of \$982.6 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 46 banking offices in Oregon, Idaho and Washington. As of December 31, 2016, Cascade had total assets of \$3.08 billion, total deposits of \$2.66 billion and total shareholders' equity of \$369.7 million.

Annual Meeting of First Interstate Shareholders; Required Vote (page 30)

An annual 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 4:00 p.m. local time, on May 24, 2017. At the annual 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 annual meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the annual meeting to approve and adopt the merger agreement or approve the amended and restated articles

of incorporation of First Interstate.

Additionally, First Interstate shareholders will be asked to vote to: (1) elect the nominees for directors; (2) approve the non-binding advisory resolution on executive compensation; (3) approve the non-binding advisory vote on the frequency of future advisory votes on executive compensation; (4) ratify RSM US LLP as the independent registered public accounting firm; and (5) approve the amended and restated bylaws of First Interstate.

Only First Interstate shareholders of record as of the close of business on March 17, 2017 are entitled to notice of, and to vote at, the First Interstate annual meeting and any adjournments or postponements of the meeting.

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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 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 annual 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 votes of First Interstate common stock cast is required to (1) adjourn the meeting if necessary to permit further solicitation of proxies, (2) elect the nominees for directors, (3) approve the non-binding advisory resolution on executive compensation, (4) ratify RSM US LLP as the independent registered public accounting firm and (5) approve the amended and restated bylaws of First Interstate. Additionally, the non-binding advisory vote on the frequency of future advisory votes on executive compensation will be determined by a plurality of the votes cast, meaning that the option with the greatest number of votes will be considered the recommendation of the shareholders.

As of the record date, there were 21,923,892 shares of First Interstate Class A common stock outstanding and 23,217,418 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 12,013,715 shares of First Interstate Class A common stock and 11,454,599 shares of First Interstate Class B common stock, which collectively represented 41.9% of the voting power of First Interstate common stock as of the record date. All of the directors of First Interstate, who collectively owned 491,907 shares of First Interstate Class A common stock and 11,454,599 shares of First Interstate Class B common stock, which collectively represented 41.9% 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 annual meeting.

Special Meeting of Cascade Shareholders; Required Vote (page 49)

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 4:30 p.m. local time, on May 24, 2017. 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 March 17, 2017 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.

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As of the record date, there were 75,060,030 shares of Cascade common stock outstanding. The directors and executive officers of Cascade, and their affiliates, as a group, beneficially owned 30,168,784 shares of Cascade common stock, representing 40.2% 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 41,399,141 shares of Cascade common stock, which represents 55.2% 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.

The Merger and the Merger Agreement (page 55)

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 55)

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 29)

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 April 5, 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 |
| April 5, 2017 | 38.50 | 7.55 | 7.63 |

Treatment of Cascade Equity Awards (page 90)

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 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 \$38.50, which was the closing price of First Interstate Class A common stock on April 5, 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 \$9.5 million and \$437,138, respectively.

Recommendation of First Interstate Board of Directors (page 79)

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 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 77.

Opinion of First Interstate's Financial Advisor (page 79)

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 66)

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 55.

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Opinion of Cascade's Financial Advisor (page 66)

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

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 94)

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. First Interstate has received approvals from the Federal Reserve Board, the Montana Division and the Oregon Division.

Conditions to Completing the Merger (page 101)

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.

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Termination (page 109)

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 110)

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.

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Interests of Cascade's Directors and Executive Officers in the Merger (page 95)

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 133)

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 91)

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 125)

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 91)

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*

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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.

Litigation Relating to the Merger (page 111)

Following the announcement on November 17, 2016 of the execution of the merger agreement, three shareholders of Cascade filed putative class action lawsuits against Cascade, its directors, and First Interstate challenging the proposed transaction. Two of the complaints allege that the directors of Cascade breached their fiduciary duties in connection with their approval of the merger agreement and that First Interstate aided and abetted those alleged fiduciary breaches. The third complaint alleges that Cascade, its directors, and First Interstate violated provisions of the federal securities laws by failing to disclose material information about the proposed transaction. Other potential plaintiffs may also file additional lawsuits challenging the proposed transaction. If the cases are not resolved, these lawsuits could prevent or delay completion of the merger and result in substantial costs to First Interstate and Cascade, including any costs associated with the indemnification of directors and officers. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect First Interstate's business, financial condition, results of operations and cash flows.

For more information, see *Description of the Merger* *Litigation Relating to the Merger* beginning on page 111.

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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, 2016. 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 the annual meeting of the 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 April 5, 2017, the last practicable date before the date of this document, the merger consideration represented a market value ranging from a low of \$7.22 to a high of \$8.65 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.

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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.

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.

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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 the 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.

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 112.

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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.

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 95.

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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 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 March 17, 2017, members of the Scott family held 16,469,421 shares of First Interstate Class B common stock and, therefore, controlled in excess of 59.8% 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.

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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 125 for a discussion of the different rights associated with First Interstate common stock.

Pending litigation against First Interstate and Cascade could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages.

Following the announcement on November 17, 2016 of the execution of the merger agreement, three shareholders of Cascade filed putative class action lawsuits against Cascade, its directors, and First Interstate challenging the proposed transaction. The outcome of any such litigation is uncertain. If the cases are not resolved, these lawsuits could prevent or delay completion of the merger and result in substantial costs to First Interstate and Cascade, including any costs associated with the indemnification of directors and officers. One of the conditions to the closing of the merger is that no order, injunction or decree or other legal restraint or prohibition that prevents consummating the merger, the bank merger or any of the other transactions contemplated by the merger agreement will be in effect. As such, if plaintiffs are successful in obtaining an injunction prohibiting the completion of the merger on the agreed-upon terms, then such injunction may prevent the merger from being completed, or from being completed within the expected timeframe.

The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect First Interstate's business, financial condition, results of operations, and cash flows. For more information, see Description of the Merger Litigation Related to the Merger.

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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 16 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, 2016 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

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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, 2016, 2015, 2014, 2013 and 2012 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, 2016. See *Where You Can Find More Information* on page 172.

Selected Consolidated Historical Financial Data of First Interstate

| | At or For the Year Ended December 31, | | | | |
|---|---|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (Dollars in thousands, except per share amounts) | | | | |
| FINANCIAL CONDITION DATA | | | | | |
| Total assets | \$ 9,063,895 | \$ 8,728,196 | \$ 8,609,936 | \$ 7,564,651 | \$ 7,721,761 |
| Cash and cash equivalents | 782,023 | 780,457 | 798,670 | 534,827 | 801,332 |
| Investment securities | 2,124,468 | 2,057,505 | 2,287,110 | 2,151,543 | 2,203,481 |
| Net loans | 5,402,330 | 5,169,379 | 4,823,243 | 4,259,514 | 4,123,401 |
| Securities sold under repurchase agreements | 537,556 | 510,635 | 502,250 | 457,437 | 505,785 |
| Deposits | 7,376,110 | 7,088,937 | 7,006,212 | 6,133,750 | 6,240,411 |
| Long-term debt | 27,970 | 27,885 | 38,067 | 36,917 | 37,160 |
| Subordinated debentures held by subsidiary trusts | 82,477 | 82,477 | 82,477 | 82,477 | 82,477 |
| Stockholders' equity | 982,593 | 950,493 | 908,924 | 801,581 | 751,186 |
| OPERATING DATA | | | | | |
| Net interest income | \$ 279,765 | \$ 264,363 | \$ 248,461 | \$ 236,967 | \$ 243,786 |
| Provision (credit) for loan losses | 9,991 | 6,822 | (6,622) | (6,125) | 40,750 |
| Non-interest income | 136,496 | 121,515 | 111,835 | 113,024 | 115,509 |
| Non-interest expense | 261,011 | 248,599 | 237,303 | 223,414 | 230,283 |
| Income tax expense | 49,623 | 43,662 | 45,214 | 46,566 | 30,038 |
| Net income | 95,636 | 86,795 | 84,401 | 86,136 | 58,224 |
| Preferred stock dividends ⁽¹⁾ | | | | | 3,300 |
| Net income of common stockholders | 95,636 | 86,795 | 84,401 | 86,136 | 54,924 |
| COMMON SHARE DATA | | | | | |
| Basic earnings per share | \$ 2.15 | \$ 1.92 | \$ 1.89 | \$ 1.98 | \$ 1.28 |
| Diluted earnings per share | 2.13 | 1.90 | 1.87 | 1.96 | 1.27 |
| Dividends per share | 0.88 | 0.80 | 0.64 | 0.41 | 0.61 |

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| | | | | | |
|--|------------|------------|------------|------------|------------|
| Book value per share ⁽²⁾ | 21.87 | 20.92 | 19.85 | 18.15 | 17.35 |
| Outstanding shares (basic) | 44,511,774 | 45,184,091 | 44,615,060 | 43,566,681 | 42,965,987 |
| Outstanding shares (diluted) | 44,910,396 | 45,646,418 | 45,210,561 | 44,044,602 | 43,092,978 |
| KEY OPERATING RATIOS | | | | | |
| Return on average assets | 1.10% | 1.02% | 1.06% | 1.16% | 0.79% |
| Return on average common equity | 9.93 | 9.37 | 9.86 | 11.05 | 7.46 |
| Interest rate spread | 3.50 | 3.39 | 3.41 | 3.44 | 3.52 |
| Net interest margin ⁽³⁾ | 3.57 | 3.46 | 3.49 | 3.54 | 3.66 |
| Average stockholders equity to average assets | 11.04 | 10.87 | 10.77 | 10.49 | 10.57 |
| Dividend payout ratio ⁽⁴⁾ | 40.93 | 41.65 | 33.83 | 20.71 | 47.66 |
| Efficiency ratio ⁽⁵⁾ | 62.70 | 64.42 | 65.86 | 63.83 | 64.09 |
| Allowance for loan losses to total loans | 1.39 | 1.46 | 1.52 | 1.96 | 2.38 |
| Non-performing loans to total loans ⁽⁶⁾ | 1.40 | 1.37 | 1.32 | 2.22 | 2.61 |
| Non-performing assets to total assets ⁽⁷⁾ | 0.96 | 0.90 | 0.91 | 1.48 | 1.85 |
| Allowance for loan losses to non-performing loans | 99.52 | 106.71 | 114.58 | 88.28 | 91.31 |
| Net charge-offs to average loans | 0.20 | 0.08 | 0.10 | 0.21 | 1.26 |
| CAPITAL RATIOS | | | | | |
| Total risk-based capital ratio | 15.13 | 15.36 | 16.15 | 16.75 | 15.59 |
| Tier 1 risk-based capital ratio | 13.89 | 13.99 | 14.52 | 14.93 | 13.60 |
| Leverage ratio | 10.11 | 10.12 | 9.61 | 10.08 | 8.81 |
| Common equity tier 1 risk-based | 12.65 | 12.69 | 13.08 | 13.31 | 11.94 |

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

(2) Book value equals common stockholders equity per share.

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- (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 Year Ended December 31, | | | | |
|---|--|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (Dollars in thousands, except per share amounts) | | | | |
| FINANCIAL CONDITION DATA | | | | | |
| Total assets | \$ 3,079,058 | \$ 2,468,029 | \$ 2,341,137 | \$ 1,406,219 | \$ 1,301,417 |
| Cash and cash equivalents | 72,577 | 77,805 | 83,089 | 81,849 | 113,028 |
| Securities held-to-maturity | 140,557 | 139,424 | 152,579 | 1,320 | 1,813 |
| Securities available-for-sale | 494,819 | 310,262 | 319,882 | 194,481 | 257,544 |
| Loans, net | 2,077,358 | 1,662,095 | 1,468,784 | 973,618 | 829,057 |
| Goodwill | 85,852 | 78,610 | 80,082 | | |
| Deposits | 2,661,813 | 2,083,088 | 1,981,622 | 1,167,320 | 1,076,234 |
| Total stockholders equity | 369,652 | 336,774 | 315,483 | 188,715 | 140,775 |
| OPERATING DATA | | | | | |
| Net interest income | \$ 93,123 | \$ 78,515 | \$ 65,085 | \$ 48,216 | \$ 49,880 |
| Provision for loan loss (recovery) | | (4,000) | | 1,000 | 1,100 |
| Non-interest income | 29,446 | 24,973 | 20,171 | 14,453 | 13,091 |
| Non-interest expenses | 95,230 | 74,396 | 81,341 | 60,970 | 55,841 |
| Income before income taxes | 27,339 | 33,092 | 3,915 | 699 | 6,030 |
| Net income | 16,771 | 20,579 | 3,737 | 50,845 | 5,951 |
| COMMON SHARE DATA | | | | | |
| Basic net income per share | \$ 0.23 | \$ 0.29 | \$ 0.06 | \$ 1.08 | \$ 0.13 |
| Diluted net income per share | 0.23 | 0.29 | 0.06 | 1.07 | 0.13 |
| Dividends declared per share | | | | | |
| Book value per share | 4.85 | 4.63 | 4.35 | 3.97 | 2.97 |
| Outstanding shares (basic) | 71,895 | 71,789 | 62,265 | 47,187 | 47,128 |
| Outstanding shares (diluted) | 72,159 | 71,969 | 62,340 | 47,484 | 47,278 |
| KEY OPERATING RATIOS | | | | | |
| Return on average assets | 0.57% | 0.84% | 0.19% | 3.78% | 0.46% |
| Return on average equity | 4.75 | 6.30 | 1.41 | 28.89 | 4.34 |
| Non-interest income to average assets | 1.00 | 1.02 | 1.02 | 1.07 | 1.01 |
| Non-interest expense to average assets | 3.22 | 3.05 | 4.11 | 4.49 | 4.30 |
| Net interest spread | 3.49 | 3.62 | 3.69 | 3.75 | 3.85 |
| Net interest margin | 3.54 | 3.67 | 3.76 | 3.90 | 4.11 |
| Common stockholders equity ratio | 12.01 | 13.65 | 13.48 | 13.42 | 10.82 |
| Efficiency ratio | 77.70 | 71.89 | 95.41 | 97.29 | 88.68 |
| Reserve for loan losses to ending gross loans | 1.20 | 1.45 | 1.48 | 2.10 | 3.18 |
| | 1.22 | 1.47 | 1.51 | 2.14 | 3.23 |

Reserve of credit losses to ending
gross loans

| | | | | | |
|---------------------------------------|------|------|------|------|------|
| Non-performing assets to total assets | 0.50 | 0.34 | 0.64 | 0.81 | 1.94 |
|---------------------------------------|------|------|------|------|------|

Net loan (recoveries) charge-offs to
average loans

| | | | | |
|--------|--------|--------|------|------|
| (0.05) | (0.40) | (0.09) | 0.81 | 2.06 |
|--------|--------|--------|------|------|

CAPITAL RATIOS

| | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|
| Total risk-based capital ratio | 11.58 | 12.79 | 11.16 | 14.25 | 15.39 |
|--------------------------------|-------|-------|-------|-------|-------|

| | | | | | |
|---------------------------------|-------|-------|------|-------|-------|
| Tier 1 risk-based capital ratio | 10.53 | 11.53 | 9.91 | 12.99 | 14.12 |
|---------------------------------|-------|-------|------|-------|-------|

| | | | | | |
|-------------------------------|------|------|------|-------|-------|
| Tier 1 capital leverage ratio | 8.60 | 9.40 | 7.66 | 10.49 | 10.44 |
|-------------------------------|------|------|------|-------|-------|

| | | | | | |
|---------------------------------|-------|-------|-----|-----|-----|
| Common equity tier 1 risk-based | 10.53 | 11.53 | N/A | N/A | N/A |
|---------------------------------|-------|-------|-----|-----|-----|

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 2016, 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.

| | Year Ended December 31, 2016 (In thousands, except per share data) | |
|---|---|---------|
| Pro forma combined income statement data: | | |
| Interest income | \$ | 408,052 |
| Interest expense | | 20,934 |
| Net interest income | | 387,118 |
| Provision for loan losses | | 10,491 |
| Net interest income after provision for loan losses | | 376,627 |
| Non-interest income | | 169,466 |
| Non-interest expense | | 367,756 |
| Income before income taxes | | 178,337 |
| Income tax expense | | 62,343 |
| Net income | \$ | 115,994 |
| Pro forma per share data: | | |
| Basic earnings per share | \$ | 2.08 |
| Diluted earnings per share | | 2.06 |

**At December 31,
2016**

(In thousands)

Pro forma combined balance sheet data:

| | | |
|--|----|------------|
| Total assets | \$ | 12,250,972 |
| Loans receivable, net of allowance for loan losses | | 7,485,554 |
| Investment securities | | 2,767,649 |
| Deposits | | 10,036,869 |
| Total shareholders' equity | | 1,461,318 |

Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

The following table shows information about First Interstate's and Cascade's earnings per common share, dividends per share and book value per share, and similar information giving effect to the merger (which we refer to as pro forma information). In presenting the unaudited comparative pro forma information for the time periods shown, we assumed that First Interstate and Cascade had been merged on the date indicated or at the beginning of 2016.

The information listed as pro forma combined was prepared using an exchange ratio of 0.14864. The information listed as per equivalent Cascade share was obtained by multiplying the pro forma amounts by an exchange ratio of 0.14864. First Interstate anticipates that the combined company will derive financial benefits from the merger that include reduced operating expenses and the opportunity to earn more revenue. The unaudited pro forma combined information, while helpful in illustrating the financial characteristics of First Interstate following the merger under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. The unaudited pro forma combined information also does not necessarily reflect what the historical results of First Interstate would have been had our companies been combined during this period.

The information in the following table is based on, and should be read together with, the historical financial information that we have presented in or incorporated by reference in this document.

| | First Interstate Historical | Cascade Historical | Pro Forma Combined ⁽¹⁾⁽²⁾ | Per Equivalent Cascade Share |
|---|--|-------------------------------|---|---|
| Book value per share: | | | | |
| At December 31, 2016 | \$ 21.87 | \$ 4.85 | \$ 25.98 | \$ 3.86 |
| Cash dividends declared per share: | | | | |
| Year ended December 31, 2016 | 0.88 | | 0.88 | 0.13 |
| Basic earnings per share: | | | | |
| Year ended December 31, 2016 | 2.15 | 0.23 | 2.08 | 0.31 |
| Diluted earnings per share: | | | | |
| Year ended December 31, 2016 | 2.13 | 0.23 | 2.06 | 0.31 |

(1) Pro forma dividends per share represent First Interstate's historical dividends per share.

(2) The pro forma combined book value per share of First Interstate common stock is based upon the pro forma combined common shareholders' equity for First Interstate and Cascade divided by total pro forma common shares of the combined entities.

Table of Contents**MARKET PRICE AND DIVIDEND INFORMATION**

First Interstate Class A common stock is listed on The Nasdaq Global Select Market under the symbol FIBK. Cascade common stock is listed on The Nasdaq Capital Market under the symbol CACB. The following table lists the high and low prices per share for First Interstate Class A common stock and for Cascade common stock and the cash dividends declared by each company for the periods indicated.

| Quarter Ended | First Interstate Class A Common Stock | | | Cascade Common Stock | | |
|---------------------------------------|--|------------|------------------|---------------------------------|------------|------------------|
| | High | Low | Dividends | High | Low | Dividends |
| June 30, 2017 (through April 5, 2017) | \$ 39.85 | \$ 38.45 | \$ | \$ 7.77 | \$ 7.53 | \$ |
| March 31, 2017 | 45.35 | 37.15 | 0.24 | 8.52 | 7.40 | |
| December 31, 2016 | 43.10 | 30.70 | 0.22 | 8.13 | 6.01 | |
| September 30, 2016 | 32.14 | 26.89 | 0.22 | 6.26 | 5.42 | |
| June 30, 2016 | 29.46 | 26.44 | 0.22 | 6.05 | 5.32 | |
| March 31, 2016 | 28.65 | 24.92 | 0.22 | 5.95 | 5.03 | |
| December 31, 2015 | 30.64 | 26.84 | 0.20 | 6.14 | 5.26 | |
| September 30, 2015 | 28.50 | 25.68 | 0.20 | 5.56 | 5.10 | |
| June 30, 2015 | 28.79 | 26.83 | 0.20 | 5.25 | 4.74 | |
| March 31, 2015 | 27.82 | 23.90 | 0.20 | 5.14 | 4.25 | |

The high and low trading prices for First Interstate Class A common stock as of November 16, 2016, the day immediately before the public announcement of the merger, were \$38.35 and \$37.15, respectively. The high and low trading prices for Cascade common stock as of November 16, 2016, the day immediately before the public announcement of the merger, were \$6.97 and \$6.89, respectively.

You should obtain current market quotations for First Interstate Class A common stock and Cascade common stock, as the market price of First Interstate Class A common stock and Cascade common stock will fluctuate between the date of this document and the date on which the merger is completed. You can get these quotations from a newspaper, on the Internet or by calling your broker.

As of March 17, 2017, there were approximately 1,171 holders of record of First Interstate common stock. As of March 17, 2017, there were approximately 1,143 holders of record of Cascade common stock. These numbers do not reflect the number of persons or entities who may hold their stock in nominee or street name through brokerage firms.

Following the merger, the declaration of dividends will be at the discretion of First Interstate's board of directors and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of First Interstate, applicable state law and government regulations and other factors deemed relevant by First Interstate's board of directors.

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ANNUAL MEETING OF FIRST INTERSTATE SHAREHOLDERS

This document is being provided to holders of First Interstate common stock as First Interstate's proxy statement in connection with the solicitation of proxies by and on behalf of First Interstate's board of directors to be voted at the annual meeting of First Interstate shareholders and at any adjournment or postponement of the annual meeting.

Date, Time and Place of Meeting

The annual meeting is scheduled to be held as follows:

Date: May 24, 2017

Time: 4:00 p.m., local time

Place: First Interstate Bank Operations Center, 1800 Sixth Avenue North, Billings, Montana 59101

Purpose of the Meeting

At the annual meeting, First Interstate's shareholders will be asked to:

Approve and adopt the merger agreement, pursuant to which Cascade will merge with and into First Interstate, with First Interstate surviving the merger, and 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.

Approve the amended and restated articles of incorporation of First Interstate.

Approve a proposal, if necessary, to adjourn the annual meeting to permit the further solicitation of proxies if there are not sufficient votes at the time of the annual meeting to achieve a quorum, approve and adopt the merger agreement or approve the amended and restated articles of incorporation of First Interstate.

Elect four directors to serve three-year terms or until their respective successors have been elected and appointed.

Adopt a non-binding advisory resolution on executive compensation.

Vote on a non-binding advisory vote on the frequency of future advisory votes on executive compensation.

Ratify the appointment of RSM US LLP as the independent registered public accounting firm for First Interstate for the year ending December 31, 2017.

Approve the amended and restated bylaws of First Interstate.

Transact any other business that may properly come before the annual meeting or any postponement or adjournment of the annual meeting.

Who Can Vote at the Meeting

You are entitled to vote if the records of First Interstate showed that you held shares of First Interstate common stock as of the close of business on March 17, 2017, which is the record date for the First Interstate annual meeting. As of the close of business on the record date, 21,923,892 shares of First Interstate Class A common stock and 23,217,418 shares of First Interstate Class B common stock were outstanding. 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. If your shares are held in street name by your broker, bank or other nominee and you wish to vote in person at the annual meeting, you will have to obtain a legal proxy from your broker, bank or other nominee entitling you to vote at the annual meeting.

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Quorum; Vote Required

The presence, in person or by proxy, of the holders of a majority of the voting power of First Interstate common stock at the annual meeting constitutes a quorum for the transaction of business at the annual meeting. If you submit valid proxy instructions or attend the meeting in person, your shares will be counted to determine whether there is a quorum, even if you abstain from voting. If you fail to provide voting instructions to your broker, bank or other nominee with respect to a proposal, that broker, bank or other nominee will not vote your shares of First Interstate common stock with respect to that proposal.

Approval and adoption of the merger agreement requires the affirmative vote of two-thirds of the voting power of First Interstate Class A and Class B common stock entitled to vote at the meeting, voting as a single class. **Failure to submit valid proxy instructions or to vote in person will have the same effect as a vote against the merger agreement. Broker non-votes and abstentions from voting will have the same effect as voting against the merger agreement.**

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 as a single class; or (2) two-thirds of the voting power of First Interstate Class A and Class B common stock present in person or represented by proxy at the annual meeting, voting 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. **Failure to submit valid proxy instructions or to vote in person will have the same effect as a vote against this proposal. Broker non-votes and abstentions from voting will have the same effect as voting against this proposal.**

The affirmative vote of a majority of the votes of First Interstate Class A and Class B common stock cast at the annual meeting, voting together as a single class, is required to (1) adjourn the meeting if necessary to permit further solicitation of proxies, (2) elect the nominees for directors, (3) approve the non-binding advisory resolution on executive compensation, (4) ratify RSM US LLP as the independent registered public accounting firm and (5) approve the amended and restated bylaws of First Interstate. An abstention from voting will have no effect on these proposals. The failure to submit valid proxy instructions or to vote in person and broker non-votes (which only will occur in the case of the vote on the ratification of the independent registered public accounting firm) will have no effect on the voting of these proposals.

The non-binding advisory vote on the frequency of future advisory votes on executive compensation will be determined by a plurality of the votes cast, meaning that the option with the greatest number of votes will be considered the recommendation of the shareholders. The failure to submit valid proxy instructions or to vote in person and broker non-votes will have no effect on the voting of this proposal.

Shares Held by First Interstate Officers and Directors and by Cascade

As of March 17, 2017, directors and executive officers of First Interstate beneficially owned 12,013,715 shares of First Interstate Class A common stock and 11,454,599 shares of First Interstate Class B common stock. This equals 41.9% of the voting power of the outstanding shares of First Interstate common stock as of March 17, 2017. All of First Interstate's directors entered into voting agreements with Cascade to vote the 491,907 shares of First Interstate Class A common stock and 11,454,599 shares of First Interstate Class B common stock owned by them in favor of the proposal to approve and adopt the merger agreement and the proposal to approve the amended and restated articles of incorporation of First Interstate. As of March 17, 2017, neither Cascade nor any its subsidiaries, directors or executive

officers owned any shares of First Interstate common stock.

Voting and Revocability of Proxies

You may vote in person or by proxy at the annual meeting. To ensure your representation at the annual meeting, First Interstate recommends that you vote by proxy even if you plan to attend the annual meeting. You can always change your vote in person at the annual meeting.

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If you are a shareholder of record, you can vote your shares:

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 mailing the proxy card that is enclosed; or

by voting in person at the annual meeting.

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

First Interstate shareholders whose shares are held in street name by their broker, bank or other nominee must follow the instructions provided by their broker, bank or other nominee to vote their shares. Your broker, bank or other nominee may allow you to deliver your voting instructions via telephone or the internet. If your shares are held in street name and you wish to vote in person at the annual meeting, you will have to obtain a legal proxy from your broker, bank or other nominee entitling you to vote at the annual meeting.

If you are a shareholder of record of First Interstate common stock, voting instructions are included on the enclosed proxy card. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against or abstain with respect to each matter. If you are the shareholder of record of your shares of First Interstate common stock and submit your proxy without specifying a voting instruction, your shares of First Interstate common stock will be voted FOR the proposal to approve and adopt the merger agreement, FOR the approval of the amended and restated articles of incorporation of First Interstate, FOR the proposal to adjourn the meeting if necessary to permit further solicitation of proxies, FOR each of the nominees for director, FOR the non-binding advisory resolution on executive compensation, for TWO YEARS for the frequency of future advisory votes regarding executive compensation, FOR ratifying RSM US LLP as the independent registered public accounting firm and FOR the proposal to approve the amended and restated bylaws of First Interstate. If your shares are held in street name and you return an incomplete instruction card to your broker, bank or other nominee, that broker, bank or other nominee will not vote your shares with respect to any matter, except for the proposal to ratify the independent public accounting firm.

You may revoke your proxy at any time before it is voted at the annual meeting by:

filing with the Corporate Secretary of First Interstate a duly executed revocation of proxy;

submitting a new proxy with a later date;

voting again via the internet or by telephone not later than 11:59 pm, Eastern Time, on May 23, 2017; or

voting in person at the annual meeting.

If your shares are held in street name, you should contact your broker, bank or other nominee to change your vote.

Attendance at the annual meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to:

First Interstate BancSystem, Inc.

Kirk D. Jensen, Corporate Secretary

401 North 31st Street

Billings, Montana 59116

If any matters not described in this document are properly presented at the First Interstate annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares of First Interstate common stock. First Interstate does not know of any other matters to be presented at the annual meeting.

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Participants in the 401(k) Plan

If you invest in First Interstate Class A common stock through the stock fund in the First Interstate Bank Savings and Profit Sharing Plan for Employees, which we refer to in this document as the 401(k) Plan, you will receive a voting instruction card for the plan that will reflect all the shares that you may direct the trustee to vote on your behalf under the 401(k) Plan. Under the terms of the 401(k) Plan, participants may direct the trustee how to vote the shares credited to their accounts. The trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions from other plan participants. **The deadline for returning your voting instruction card is May 15, 2017.**

Solicitation of Proxies

First Interstate will pay for this proxy solicitation. In addition to soliciting proxies by mail, Laurel Hill Advisory Group, LLC, a proxy solicitation firm, will assist First Interstate in soliciting proxies for the annual meeting. First Interstate will pay \$7,500 for these services plus out-of-pocket expenses. Additionally, directors, officers and employees of First Interstate may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. First Interstate will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

PROPOSAL NO. 1

APPROVAL AND ADOPTION OF THE MERGER AGREEMENT

At First Interstate's annual meeting of shareholders, First Interstate shareholders will consider and vote on a proposal to approve and adopt the merger agreement. Details about the merger agreement, including each party's reasons for the merger, the effect of approval and adoption of the merger agreement and the timing of effectiveness of the merger, are discussed in the section entitled *Description of the Merger* beginning on page 55 of this document.

First Interstate's board of directors unanimously recommends

that First Interstate shareholders vote FOR

approval and adoption of the merger agreement.

PROPOSAL NO. 2

APPROVAL AND ADOPTION OF THE AMENDED AND RESTATED

ARTICLES OF INCORPORATION OF FIRST INTERSTATE

At First Interstate's annual meeting of shareholders, shareholders will consider and vote on a proposal to approve and adopt the amended and restated articles of incorporation of First Interstate, which would become effective upon the completion of the merger. The changes to the articles of incorporation 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. More specifically, the changes to the articles of incorporation include, but are not limited to, the following:

In the case of (1) a Change in Control Transaction (which is defined in the amended and restated articles of incorporation of First Interstate as the sale by First Interstate of all or substantially all of the its assets or those of a significant subsidiary or the merger of First Interstate with or into any other corporation or entity) or (2) the issuance of more than 2% of First Interstate's total voting power to any

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person or group such that, following such transaction, such person or group would hold more than 50% of the total voting power of First Interstate, First Interstate will need to obtain the approval of the holders of the greater of: (A) a majority of the voting power of the issued and outstanding shares of First Interstate common stock voting together as a single class or (B) two-thirds (66.67%) of the voting power of the shares of First Interstate common stock present in person or represented by proxy at the shareholder meeting called to consider such Change in Control Transaction and entitled to vote thereon, voting together as a single class. However, unless the holders of First Interstate Class A common stock and First Interstate Class B common stock receive the same consideration for their shares in a Change in Control Transaction, First Interstate will not consummate such Change in Control Transaction without the approval of the holders of at least 70% of the voting power of the outstanding shares of First Interstate Class A common stock, voting as a separate class.

If First Interstate elects to consider a Change in Control Transaction and in the twelve months before such Change in Control Transaction the acquiring company acquired any shares of First Interstate Class B common stock, then such Change in Control Transaction will require the affirmative vote of 70% of the voting power of the outstanding shares of First Interstate Class A common stock, voting as a separate class, unless the holders of the First Interstate Class A common stock and First Interstate Class B common stock receive the same consideration for their shares in the Change in Control Transaction and the consideration paid is at least equal to the highest amount paid by the acquiring corporation for the First Interstate Class B common stock during such twelve-month period.

First Interstate cannot merge with or sell any material assets to any shareholder of First Interstate Class B common stock, which we refer to in this document as a Class B Acquisition Transaction, unless such transaction is approved by a majority of the disinterested directors on First Interstate's board of directors and the holders of a majority of the shares of First Interstate Class A common stock, voting as a separate class.

If there are any shares of Class B common stock issued and outstanding, amendment of any of the provisions in the amended and restated articles of incorporation of First Interstate relating to First Interstate common stock, a Change in Control Transaction, a Class B Acquisition Transaction or an amendment to the articles of incorporation requires the affirmative vote of 70% of the voting power of the outstanding shares of the First Interstate Class A common stock, voting as a separate class.

The foregoing description of the amended and restated articles of incorporation does not purport to be complete and is qualified in its entirety by reference to the amended and restated articles of incorporation, which are included as Annex D to this document and are incorporated into this document by reference.

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

First Interstate's board of directors unanimously recommends

that First Interstate shareholders vote FOR

approval and adoption of the amended and restated articles of incorporation of First Interstate.

PROPOSAL NO. 3

ADJOURNMENT OF THE ANNUAL MEETING

If there are insufficient proxies at the time of the meeting to approve and adopt the merger agreement or approve the amended and restated articles of incorporation of First Interstate, the First Interstate shareholders may be asked to vote on a proposal to adjourn the meeting to a later date to allow additional time to solicit

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additional proxies. First Interstate's board of directors does not currently intend to propose adjournment at the meeting if there are sufficient votes to approve and adopt the merger agreement (Proposal No. 1) and approve the amended and restated articles of incorporation of First Interstate (Proposal No. 2).

**First Interstate board of directors unanimously recommends a vote FOR
approval of the adjournment of the shareholder meeting if necessary
to solicit additional proxies in favor of the approval and adoption of the merger agreement
or the amended and restated articles of incorporation of First Interstate.**

PROPOSAL NO. 4

ELECTION OF DIRECTORS

A total of four directors will be elected to the First Interstate board of directors at the First Interstate annual meeting of shareholders to serve three-year terms, or until their respective successors have been elected and appointed.

Charles M. Heyneman's term as a director will expire at the annual meeting, at which point the First Interstate board of directors will be reduced to 15 members. The First Interstate board of directors has nominated for election as directors:

Steven J. Corning

Dana L. Crandall

Charles E. Hart, M.D.

Peter I. Wold

All of the director nominees are current members of the First Interstate board of directors.

Unless authority to vote is withheld, the persons named in the enclosed First Interstate proxy card will vote the shares represented by such proxy FOR the election of the above named nominees. If, at the time of the First Interstate annual meeting of shareholders, any nominee becomes unavailable for any reason for election as a director, the persons entitled to vote the First Interstate proxy will vote for the election of such substitute(s) as the First Interstate board of directors may recommend. At this time, the First Interstate board of directors knows of no reason why any nominee might be unavailable to serve.

Director Nominee Information

The following tables set forth information regarding the nominees for election at the First Interstate annual meeting of shareholders and the directors continuing in office after the First Interstate annual meeting of shareholders.

| Name and Age | Director Since | Principal Occupation |
|---------------------------|-----------------------|--|
| Steven J. Corning, 64 | 2008 | President and Chief Executive Officer, Corning Companies |
| Dana L. Crandall, 52 | 2014 | Vice President-Service Delivery, Comcast |
| Charles E. Hart, M.D., 67 | 2008 | Retired President and Chief Executive Officer, Regional Health, Inc. |
| Peter I. Wold, 69 | 2016 | President, Wold Energy Partners, LLC and CEO, Wold Oil Properties, LLC |

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| Name and Age | Director Since | Term Expires | Principal Occupation |
|--------------------------|-----------------------|---------------------|---|
| David L. Jahnke, 63 | 2011 | 2018 | Retired Partner, KPMG |
| Ross E. Leckie, 59 | 2009 | 2018 | Retired Executive Vice President, Allianz SE |
| Kevin P. Riley, 57 | 2015 | 2018 | President and Chief Executive Officer, First Interstate BancSystem, Inc. |
| James R. Scott, 67 | 1971 | 2018 | Chairman of the Board, First Interstate BancSystem, Inc. |
| Randall I. Scott, 63 | 1993 | 2018 | Managing General Partner, Nbar5 Limited Partnership |
| Teresa A. Taylor, 53 | 2012 | 2018 | Owner and Chief Executive Officer, Blue Valley Advisors, LLC |
| David H. Crum, 72 | 2001 | 2019 | Chief Executive Officer and Chairman, Crum Electric Supply Co., Inc. |
| William B. Ebzery, 67 | 2001 | 2019 | Owner, Cypress Capital Management, LLC, and Certified Public Accountant-retired |
| James R. Scott, Jr., 39 | 2016 | 2019 | Branch Manager, First Interstate Bank, Missoula South |
| Jonathan R. Scott, 42 | 2013 | 2019 | President, First Interstate Bank, Jackson |
| Theodore H. Williams, 62 | 2013 | 2019 | Developer and Manager, Thompson Creek Unit |

Business Biographies***James R. Scott***

James R. Scott has been a director of First Interstate since 1971, the chairman of the First Interstate board of directors since January 2016, the executive vice chairman of the First Interstate board of directors from 2012 to January 2016, and the vice chairman of the First Interstate board of directors from 1990 to 2012. Mr. Scott has served as a director of First Interstate Bank since 2007, serving as chairman since 2011. Mr. Scott is chairman of the Padlock Ranch Corporation, managing partner of J.S. Investments, vice president of the Foundation for Community Vitality, board member of First Interstate BancSystem Foundation and lifetime trustee at Fountain Valley School of Colorado. Mr. Scott also served as chairman of the Homer A. and Mildred S. Scott Foundation from 1990 to 2006 and chairman of Scott Family Services, Inc. from 2003 to 2012. Mr. Scott is the father of James R. Scott, Jr. and the uncle of Charles M. Heyneman, Jonathan R. Scott and Randall I. Scott. Mr. Scott was recommended for service on the First Interstate board of directors by the Scott family council.

The qualifications of Mr. Scott identified by the First Interstate board of directors include the following: Mr. Scott has significant executive management, business and corporate governance experience as a result of his years of service to First Interstate and other family-related businesses. Mr. Scott has extensive knowledge of key issues, dynamics and trends affecting First Interstate, its business and the banking industry in general. He also has extensive knowledge of First Interstate's unique challenges, regulatory environment and history. Mr. Scott serves as Chairman of the Executive Committee.

Kevin P. Riley

Kevin P. Riley has been the president and chief executive officer of First Interstate since September 2015, and served as executive vice president and chief financial officer of First Interstate from August 2013 through September 2015. Mr. Riley has also served as a director of First Interstate Bank since August 2013. Prior to working with First Interstate, Mr. Riley served as executive vice president and chief financial officer of Berkshire Hills Bancorp in Massachusetts since 2007, and served in various executive-level positions with KeyCorp since 1986. Mr. Riley earned his Bachelor of Science degree in Business Administration from Northeastern University in Boston, Massachusetts. Mr. Riley is a certified public accountant.

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The qualifications of Mr. Riley identified by the First Interstate board of directors include the following: Mr. Riley has extensive knowledge of key issues, dynamics and trends affecting First Interstate, its business and the banking industry in general. Mr. Riley also provides strategic insight and direction to First Interstate.

Steven J. Corning

Steven J. Corning has been a director of First Interstate since 2008. Mr. Corning has served as president and chief executive officer of Corning Companies, a real estate development firm, and has also been the president and broker/owner of Corning Companies Commercial Real Estate Services since 1979. Mr. Corning received his Bachelor of Arts degree in American Government, Cum Laude, from Harvard University.

The qualifications of Mr. Corning identified by the First Interstate board of directors include the following: Mr. Corning has significant executive management, business ownership and entrepreneurial experience as a result of his years in the real estate development industry, which gives him a unique perspective as to real estate and property trends. Mr. Corning has extensive knowledge in key issues, dynamics and trends that affect First Interstate, including real estate, real estate development, asset management, investment consulting, and the health care industry. Mr. Corning is an independent director and serves as Chairman of the Credit Committee.

Dana L. Crandall

Dana L. Crandall has been a director of First Interstate since 2014. Ms. Crandall has over 25 years of experience in executive management and global operations. She has been Vice President-Service Delivery of Comcast, a public company with more than 120,000 employees, since December 2013. Prior to that, Ms. Crandall was a managing director and chief information officer of British Telecom from 2009 to 2013, Vice President-Network Strategy and Call Center Operations at Qwest Communications from 2005 to 2009, and served in various other executive-level positions with Qwest Communications from 1992 to 2005. Ms. Crandall received her Bachelor of Science degree in Electrical Engineering from the University of Denver in 1987 and her Master in Business Administration degree from Northwestern University-Kellogg School of Management in 2001.

The qualifications of Ms. Crandall identified by the First Interstate board of directors include the following: Ms. Crandall has significant knowledge in strategic planning, technology development and operations management. She also has knowledge on the fiduciary obligations, governance, operations practices and other requirements and duties of a public company. Ms. Crandall is an independent director and serves as Chairman of the Technology and Business Process Improvement Committee.

David H. Crum

David H. Crum has been a director of First Interstate since 2001. Mr. Crum founded Crum Electric Supply Co., Inc., a distributor of electrical equipment, in 1976 and has been chief executive officer and chairman of that company since its inception. Mr. Crum has also served on the board of directors of various companies including IDEA, Inc., a data exchange technology company, supplyFORCE, Inc., a logistics technology company, WESTECH, Inc., a manufacturer of mining equipment and Affiliated Distributors, a representative of independent distribution. He has

also served on the board of directors of First Interstate Bank of Wyoming, N.A. Mr. Crum was a director of the National Association of Electrical Distributors and was chairman of its board. He also was appointed by Wyoming's governor to the board of the Wyoming Business Council on which he served as chairman. Mr. Crum received his Bachelor of Science degree in Electrical Engineering from the University of Wyoming.

The qualifications of Mr. Crum identified by the First Interstate board of directors include the following: Mr. Crum has significant experience in executive management and business ownership as a result of

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his years in the electric supply business particularly from the standpoint of a regional small business owner. Mr. Crum also has extensive knowledge in information technology. By virtue of the regional nature of his business operation, he also understands the economies of the First Interstate region and the communities First Interstate serves. Mr. Crum is an independent director.

William B. Ebzery

William B. Ebzery has been a director of First Interstate since 2001. Mr. Ebzery is a certified public accountant (retired) and registered investment advisor. Mr. Ebzery has been the owner of Cypress Capital Management, LLC since 2004. Prior to Cypress Capital Management, LLC, Mr. Ebzery was a partner in the certified public accounting firm of Pradere, Ebzery, Mohatt and Rinaldo from 1975 to 2004. Mr. Ebzery received his Bachelor of Science degree in Accounting from the University of Wyoming.

The qualifications of Mr. Ebzery identified by the First Interstate board of directors include the following: Mr. Ebzery has significant experience in business ownership, accounting, auditing and financial services as a result of his years in the private sector. Mr. Ebzery has significant knowledge in key issues, dynamics and trends that affect First Interstate. Mr. Ebzery is an independent director.

Charles E. Hart, M.D.

Charles E. Hart, M.D. has been a director of First Interstate since 2008. Dr. Hart served as president and chief executive officer of Regional Health, Inc., a not-for-profit healthcare system serving western South Dakota and eastern Wyoming from 2003 to 2015. Dr. Hart is a director, board vice-chairman and chairman of the governance committee of the board of directors of Premier Inc., a healthcare purchasing organization listed on NASDAQ, composed of 2,400 hospitals and 70,000 healthcare sites and past chairman of the board and current board member of Safety Net Hospitals for Pharmaceutical Access, an advocacy group for over 600 hospitals and healthcare organizations serving the underprivileged. In addition, Dr. Hart serves on the 340B Health Board as well as the South Dakota Community Foundation Board where he is a member of the Investment Committee. Dr. Hart received his Bachelor of Science degree in Pre-professional Studies from the University of Notre Dame, his Doctor of Medicine degree from the University of Minnesota, and his Masters of Science in Administrative and Preventative Medicine from the University of Wisconsin.

The qualifications of Dr. Hart identified by the First Interstate board of directors include the following: In addition to his understanding of community needs in the practice of medicine, Dr. Hart has significant experience in executive management and business as a result of years of administrative service in the healthcare industry as well as service on other community boards. Dr. Hart has extensive knowledge in key issues, dynamics and trends that affect First Interstate and understands the economies of the First Interstate region and communities First Interstate serves. Dr. Hart brings geographic diversity to the Board. Dr. Hart is an independent director.

David L. Jahnke

David L. Jahnke has been a director of First Interstate since September 2011. In 2010, Mr. Jahnke completed a 35-year career as a partner of KPMG with a focus on global clients, especially in the financial services industry. He currently serves as a director and chairman of the audit committee to Swiss Re America Holding Corporation and its primary related US operating companies. Mr. Jahnke also serves as a director, chairman of the audit committee and member of the compensation committee to Schnitzer Steel Industries, Inc., a NASDAQ-listed company.

The qualifications of Mr. Jahnke identified by the First Interstate board of directors include the following: Mr. Jahnke has significant experience in the accounting, auditing and financial service industries, both nationally and internationally. Mr. Jahnke has extensive knowledge in the key issues, dynamics and trends affecting First Interstate, its business and the banking industry in general. He has extensive knowledge regarding fiduciary

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obligations, insurance and other legal requirements and duties of a public company. Mr. Jahnke is an independent director, is a financial expert and serves as Chairman of the Governance and Nominating Committee. Mr. Jahnke also serves as lead independent director.

Ross E. Leckie

Ross E. Leckie has been a director of First Interstate since May 2009. In October 2008, Mr. Leckie completed a 27-year career as a partner with KPMG. During that time, his focus was on public companies and financial services clients. Commencing in 2000, Mr. Leckie was based in Frankfurt, Germany, ultimately serving as KPMG's global lead partner for a global investment/universal bank and as a senior technical and quality review partner for a global investment/universal bank based in Zurich, Switzerland. After retiring from KPMG, Mr. Leckie continued to provide advisory services on a selective basis for global and domestic financial services companies, including Allianz, a global financial services group based in Munich, Germany. In 2011, he joined Allianz in Munich full time, taking on consultative and quality assurance roles in the office of the Chief Financial Officer. After returning to the U.S. in late 2013, he has continued to serve Allianz in Munich on a part-time basis. Additionally, in 2012 and 2013, Mr. Leckie served as Deputy-Chair of the board and AC chair of Allianz Bank Bulgaria.

The qualifications of Mr. Leckie identified by the First Interstate board of directors include the following: Mr. Leckie has significant experience in the accounting, auditing and financial services industries, both nationally and internationally. Mr. Leckie has extensive knowledge in the key issues, dynamics and trends affecting First Interstate, its business and the banking industry in general. Mr. Leckie has extensive knowledge regarding fiduciary obligations and other legal requirements and duties of a public company. Mr. Leckie qualifies as a financial expert, is an independent director and serves as Chairman of the audit committee of the First Interstate board of directors.

James R. Scott, Jr.

James R. Scott, Jr. has been a director of First Interstate since May 2016. Mr. Scott currently serves as Branch Manager of the Missoula South Branch of First Interstate and has since 2015. Prior to his appointment as Branch Manager, he was a Vice President in the Missoula Commercial Banking group of First Interstate. From 2010 to 2014, Mr. Scott was an analyst in commercial banking with Citywide Banks of Denver, Colorado. Mr. Scott earned a Bachelor of Science degree in Business Administration from the University of Colorado-Leeds School of Business, as well as a MBA and Masters of Science in Finance from the University of Denver-Daniels College of Business. Mr. Scott has served as vice-chair of Scott Family Services, Inc. since 2011. He also serves on the board of directors for Community Medical Center of Missoula, Montana and the external loan committee of Montana Community Development Corporation. Mr. Scott is the son of James R. Scott and the cousin of Charles M. Heyneman, Jonathan R. Scott and Randall I. Scott. Mr. Scott was recommended for membership on the First Interstate board of directors by the Scott family council.

The qualifications of Mr. Scott identified by the First Interstate board of directors include the following: Mr. Scott has a history of achievement in banking both inside and outside of First Interstate. Mr. Scott has knowledge of key issues, dynamics and trends affecting First Interstate, its business and the banking industry in general. He also has extensive knowledge of First Interstate's unique challenges, regulatory environment and history.

Jonathan R. Scott

Jonathan R. Scott has been a director of First Interstate since 2013. Mr. Scott was previously a director of First Interstate from 2006 to 2011. Mr. Scott currently serves as President of the First Interstate Jackson branch and has since 2011. Prior to that appointment, Mr. Scott served in various management and other positions within

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First Interstate, including serving as community development officer of First Interstate Bank from 2008 to 2011, president of FIB CT, LLC, dba Crytech, a related non-bank subsidiary of First Interstate, from 2004 to 2008, and an employee of the Financial Services and Marketing Divisions of First Interstate from 1998 to 2004. Mr. Scott received his Bachelor of Science degree in Economics from the University of Montana. Mr. Scott is the nephew of James R. Scott, and the cousin of Charles M. Heyneman, James R. Scott, Jr. and Randall I. Scott. Mr. Scott was recommended for membership on the First Interstate board of directors by the Scott family council.

The qualifications of Mr. Scott identified by the First Interstate board of directors include the following: Mr. Scott has a history of achievement in management positions as a result of his years of service to First Interstate. Mr. Scott has extensive knowledge of First Interstate's unique challenges, regulatory environment and history.

Randall I. Scott

Randall I. Scott has been a director of First Interstate since 2012. Mr. Scott was previously a director of First Interstate from 1993 to 2002 and from 2003 to 2011. Mr. Scott is a certified financial planner and has been the managing general partner of Nbar5 Limited Partnership since 1994. In addition, Mr. Scott has served as a director of First Interstate BancSystem Foundation since 1999, serving as chairman since 2006. Mr. Scott is also chair of Scott Family Services, Inc. and served as vice chair from 2003 to 2011. Previously, Mr. Scott worked in various capacities for First Interstate over a period of 20 years including as a branch manager of the Colstrip branch of First Interstate from 1983 to 1985, as a trust officer of First Interstate Bank from 1991 through 1996 and as a consultant from 1996 through 1998. Mr. Scott received his Bachelor of Science degree in Business from Rocky Mountain College. Mr. Scott is the nephew of James R. Scott and the cousin of Charles M. Heyneman, James R. Scott, Jr. and Jonathan R. Scott. Mr. Scott was recommended for membership to the First Interstate board of directors by the Scott family council.

The qualifications of Mr. Scott identified by the First Interstate board of directors include the following: Mr. Scott has significant executive management and business experience in the financial planning, banking and non-profit industries. Mr. Scott also has extensive knowledge of First Interstate's unique challenges, regulatory environment and history as a result of his years of service to First Interstate.

Teresa A. Taylor

Teresa A. Taylor has been a director of First Interstate since January 2012. Ms. Taylor has more than 28 years of experience in technology, media and the telecom sector. Ms. Taylor is the owner of Blue Valley Advisors, LLC, and has served as Blue Valley Advisor's chief executive officer since May 2012. Ms. Taylor also serves as a director of Columbia Pipeline Group, Inc. and T-Mobile USA. From 1988 to 2011, Ms. Taylor worked for Qwest Communications in Denver, Colorado, where she most recently served as chief operating officer, leading daily operations and a senior management team responsible for 30,000 employees in field support, technical development, sales, marketing, customer support and IT systems. Previous positions at Qwest include executive vice president - Business Marketing Group, executive vice president and chief administrative officer - executive vice president Wholesale Markets and executive vice president - Product and Pricing. Ms. Taylor received a Bachelor of Science degree from the University of Wisconsin-LaCrosse.

The qualifications of Ms. Taylor identified by the First Interstate board of directors include the following: Ms. Taylor has extensive knowledge in strategic planning and execution, technology development, human resources, union labor

relations and corporate communications. She also has extensive knowledge on the fiduciary obligations, governance and compensation practices and other requirements and duties of a public company. Ms. Taylor is an independent director and serves as Chairman of the Compensation Committee.

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Theodore H. Williams

Theodore H. Williams has been a director of First Interstate since May 2013. Mr. Williams has been a developer and manager of Thompson Creek Unit, an enhanced oil recovery project in northeastern Wyoming, since 1998. Additionally, Mr. Williams has acquired and managed multiple oil and gas properties located throughout the Rocky Mountain region of the United States since 1988. Prior to that time, Mr. Williams was self-employed as an oil and gas lease broker from 1979 to 1987 and served as a field and service representative for Haliburton Company from 1976 to 1978. Mr. Williams serves as a director of a regional independent oil and gas company with interests in more than 2,500 wells located primarily in Utah and Wyoming. Mr. Williams received his Bachelor of Arts degree in English from the University of Montana in 1976.

The qualifications of Mr. Williams identified by the First Interstate board of directors include the following: Mr. Williams has significant knowledge in the oil and gas industries as a result of his years in those industries, which gives him a unique perspective as to trends in the energy field. Mr. Williams has significant understanding of the geopolitical, environmental, economic and technical changes that are accelerating a transformation of the global energy system. Mr. Williams is an independent director.

Peter I. Wold

Peter I. Wold has been a director of First Interstate since December 2016. Mr. Wold has been the President of Wold Energy Partners, LLC, since 2013 and the CEO of Wold Oil Properties, LLC, an exploration and production company with primary operations in the Rocky Mountain states, since 1993. Mr. Wold is also the managing partner of a cattle ranch located in Wyoming. Mr. Wold was a director and chairman of the Denver, Colorado branch of the Federal Reserve Bank of Kansas City from 1993 through 1999, commissioner and chairman of the Wyoming Enhanced Oil Recovery Institute from 2003 through 2012, director of the New York board of Oppenheimer Fund, Inc., a mutual fund company, from 2002 through 2015, a director of Arch Coal Inc. from 2010 through 2016 and a director of American Talc Company from 2000 through the present. Mr. Wold received his Bachelor of Science degree in Biological Science from Colorado State University in Fort Collins, Colorado in 1971.

The qualifications of Mr. Wold identified by the First Interstate board of directors include the following: Mr. Wold has significant knowledge in the oil and gas industries as a result of his years in those industries, which gives him a unique perspective as to trends in the energy field. Mr. Wold also has extensive knowledge regarding ranching and finance as a result of his years of experience in those industries, which are highly relevant areas of expertise in our markets and business focus. Mr. Wold also has an understanding of the region First Interstate serves. Mr. Wold is an independent director.

First Interstate's board of directors unanimously recommends

that First Interstate shareholders vote FOR

the election to the First Interstate board of directors of each of the above named nominees.

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PROPOSAL NO. 5

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act provides First Interstate shareholders an opportunity to cast a non-binding advisory vote to approve the compensation of the named executive officers identified in the Summary Compensation Table included on page 152 of this document.

First Interstate's general compensation philosophy is that executive compensation should align with First Interstate shareholders' interests without encouraging excessive or unnecessary risk. First Interstate executive compensation programs, which are described in greater detail in the Compensation Discussion and Analysis portion of this document beginning on page 142, are designed to attract and retain qualified executive officers and establish an appropriate relationship between executive pay and First Interstate's annual financial performance and long-term growth objectives. Long-term executive compensation, through awards of restricted First Interstate Class A common stock containing time- and performance-based vesting provisions, encourages growth in executive stock ownership and helps drive performance that rewards both executives and First Interstate shareholders.

The advisory vote on this resolution is not intended to address any specific element of executive compensation; rather, the advisory vote relates to the compensation of the First Interstate named executive officers as disclosed in this document in accordance with the SEC's compensation disclosure rules. The vote is advisory only, which means that it is not binding on First Interstate, the First Interstate board of directors or the compensation committee of the First Interstate board of directors. The First Interstate board of directors and its compensation committee value the opinions of the First Interstate shareholders and therefore will take into account the outcome of the vote when considering future executive compensation arrangements.

Accordingly, the First Interstate shareholders are requested to vote on the following resolution at the First Interstate annual meeting of shareholders:

RESOLVED, that the First Interstate shareholders approve, on an advisory basis, the compensation of the First Interstate named executive officers, as disclosed in this document pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis portion of this document, the Summary Compensation Table included in this document and the other related tables and disclosures included in this document.

First Interstate's board of directors unanimously recommends that

**First Interstate shareholders vote FOR the approval of the compensation of
the First Interstate named executive officers as disclosed in this document.**

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PROPOSAL NO. 6

ADVISORY VOTE ON THE FREQUENCY OF

FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act also provides First Interstate shareholders an opportunity every six years to cast a non-binding advisory vote as to how frequently First Interstate should include a proposal, similar to Proposal No. 5, asking for a non-binding advisory vote on the compensation of the First Interstate named executive officers. Therefore, First Interstate shareholders are being asked at the First Interstate annual meeting of shareholders to express their preference as to whether an advisory vote to approve the compensation of the First Interstate named executive officers should be included every one, two or three years. First Interstate shareholders may also abstain from casting a vote on this proposal.

At the 2011 First Interstate annual meeting of shareholders, the last time the First Interstate shareholders voted on this matter, more than 85% of the votes cast by the First Interstate shareholders were cast in favor of an advisory vote on executive compensation every two years. First Interstate has accordingly held an advisory vote on executive compensation every other year since that meeting. In light of this result, reconsideration of the frequency alternatives and the experience of the First Interstate board of directors over the last six years, and other factors, the First Interstate board of directors continues to believe that conducting an advisory vote on executive compensation every two years is appropriate and reflects a compromise between the advantages of the annual and the triennial voting alternatives. The First Interstate board of directors also believes a vote every two years allows shareholders to evaluate the longer term effects of First Interstate's compensation programs, including First Interstate's multi-year compensation structures, and is sensitive to shareholders who may not have sufficient time to perform an annual review of pay practices. First Interstate shareholders who may have concerns about executive compensation during the intervals between advisory votes are welcome to bring their specific concerns to the attention of the First Interstate board of directors. Information about communicating with the First Interstate board of directors is included under the caption *Shareholder Communications with the First Interstate Board of Directors* on page 139 of this document.

This vote is advisory and therefore not binding on First Interstate, the First Interstate board of directors or the compensation committee of the First Interstate board of directors. The First Interstate board of directors and its compensation committee value the opinions of the First Interstate shareholders, and therefore will take into account the outcome of the vote when considering the frequency of future advisory votes on executive compensation. The First Interstate board of directors may decide that it is in the best interests of First Interstate and the First Interstate shareholders to hold an advisory vote on executive compensation on a different frequency than the frequency receiving the most votes cast by the First Interstate shareholders.

The First Interstate proxy card included with this document provides First Interstate shareholders with the opportunity to choose among four options on this proposal (holding the advisory vote every one, two or three years, or abstaining) and, therefore, First Interstate shareholders will not be voting to approve or disapprove the recommendation of the First Interstate board of directors.

Our next advisory vote on the frequency of the advisory vote on executive compensation will occur at our 2023 annual meeting of shareholders.

First Interstate's board of directors unanimously recommends that

First Interstate shareholders vote for the option of TWO YEARS for

the frequency of future advisory votes on executive compensation.

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PROPOSAL NO. 7

RATIFICATION OF APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RSM US LLP was appointed by the audit committee of the First Interstate board of directors to be the independent registered public accounting firm for First Interstate for the year ending December 31, 2017. While the audit committee is directly responsible for the appointment, compensation, retention and oversight of the selected independent registered public accounting firm, the audit committee and the First Interstate board of directors are submitting the selection of RSM US LLP to the First Interstate shareholders for ratification as a matter of good corporate governance. No representatives of RSM US LLP are expected to be present at the First Interstate annual meeting of shareholders.

Neither the audit committee nor the First Interstate board of directors is required to take any action as a result of the outcome of the vote on this proposal. If the First Interstate shareholders do not ratify the selection of RSM US LLP as the selected independent registered public accounting firm, however, the audit committee will consider whether to retain RSM US LLP or to select another independent registered public accounting firm. Furthermore, even if the selection is ratified, the audit committee in its discretion may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change is in the best interest of First Interstate and the First Interstate shareholders.

First Interstate's board of directors unanimously recommends

that First Interstate shareholders vote FOR

ratification of the appointment of RSM US LLP

as the independent registered public accounting firm for First Interstate.

Role of the First Interstate Board of Directors in Risk Oversight

It is the responsibility of the Chief Executive Officer to fulfill the expectation of the First Interstate board of directors of a strong risk management culture throughout the organization. It is the responsibility of the Chief Risk Officer to ensure an appropriate risk management framework is implemented to identify, assess and manage our exposure to risk. The First Interstate board of directors and its committees play an important role in overseeing executive management's performance of its responsibilities relating to risk management. In general, this oversight includes working with executive management to determine an appropriate risk management culture, monitoring the amounts and types of risk taken in executing First Interstate's business strategy and evaluating the effectiveness of risk management processes against the policies and procedures established to control those risks. First Interstate has adopted a risk management oversight structure designed to ensure that all significant risks are actively monitored by the entire First Interstate board of directors or one of its committees. Furthermore, given the importance of the operations of First Interstate Bank to First Interstate, additional risk management oversight is provided by the First Interstate Bank board of directors, members of which include members of the First Interstate board of directors.

In most cases, the respective committees of the First Interstate board of directors are responsible for the oversight of specific risks as outlined in each of their respective charters. For example, the risk oversight responsibilities of the credit committee of the First Interstate board of directors include oversight of the annual credit plan, lending policies,

credit trends, the allowance for loan loss policy and high risk portfolios and concentrations. In addition to its oversight of all aspects of the First Interstate annual independent audit and the preparation of the First Interstate financial statements, the audit committee of the First Interstate board of directors has been delegated responsibility for oversight of risks associated with First Interstate's internal controls, compliance with applicable laws and regulations, monitoring the implementation of First Interstate's code of conduct and overseeing responses to reports of examination. The compensation committee of the First Interstate board of directors has been delegated responsibility for oversight of the First Interstate compensation

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programs, including evaluating whether any of these programs contain features that promote excessive risk-taking by management and other employees, either individually or as a group. The executive committee of the First Interstate board of directors oversees the First Interstate capital positions and capital management activities to ensure compliance with applicable regulatory requirements and to ensure that capital levels are a source of financial strength. The governance and nominating committee of the First Interstate board of directors has been delegated responsibility for establishing and reviewing the adequacy of the First Interstate code of conduct and ethics, reviewing and approving related party transactions, developing criteria and qualifications for membership on the First Interstate board of directors, considering, recommending and recruiting candidates to fill new or vacant positions on the First Interstate board of directors, and ensuring an effective and efficient system of governance is in place. The technology committee of the First Interstate board of directors has been delegated responsibility for ensuring adequate processes are in place to protect First Interstate's data. First Interstate's newly formed risk committee further assists the First Interstate board of directors in fulfilling its risk oversight responsibilities by ensuring its risk governance processes are strong, enterprise-wide risk monitoring activities are appropriate and the enterprise-wide risk program is effective.

In addition to oversight of risk management by the First Interstate board of directors and its committees, the board of directors of First Interstate Bank and its committees have been delegated the responsibility for overseeing management of First Interstate Bank's lending activities, liquidity and capital position, asset quality, interest rate risk and investment strategies. The chairman of the First Interstate Bank board of directors communicates relevant information with respect to these activities to the full First Interstate board of directors.

The several committees of the First Interstate board of directors carry out their responsibilities by requesting and obtaining reports and other information from First Interstate management with respect to relevant risk areas. In addition to the committee structure of the First Interstate board of directors, the entire First Interstate board of directors periodically receives reports and information about key risks and enterprise risk management from the chief risk officer.

Audit Committee Pre-Approval Policies and Procedures

The charter of the audit committee of the First Interstate board of directors requires advance approval of all audit and non-audit services performed by the independent registered public accounting firm to assure that such services do not impair the auditor's independence from First Interstate. The audit committee may delegate the authority to pre-approve services to its chairman or any two other members of the audit committee, subject to ratification by the audit committee at its next committee meeting. In 2016 and 2015, all of the fees paid to the First Interstate independent auditor were approved in advance by the audit committee.

Principal Accounting Fees and Services

RSM US LLP has been the independent registered public accounting firm of First Interstate since 2004, with the lead audit partner serving in that role commencing with the 2014 audit. RSM US LLP was paid the following fees for services performed during the fiscal years ended December 31, 2016 and 2015:

| | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| Audit fees ⁽¹⁾ | \$ 635,000 | \$ 615,000 |
| Audit-related fees ⁽²⁾ | 22,500 | 15,000 |
| Tax fees | | |
| All other fees ⁽³⁾ | 17,000 | |

- (1) Audit fees consist of fees for the audit of the financial statements included in our annual report on Form 10-K and reviews of the financial statements included in our quarterly reports on Form 10-Q, including procedures related to acquisitions.

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- (2) Audit-related fees for 2016 consist of fees for review of our Registration Statement on Form S-4 filed with the SEC on January 26, 2017 and agreed-upon procedures related to the acquisitions of Flathead Bank and Cascades Bancorp. Audit-related fees for 2015 relate to agreed-upon procedures related to the Absarokee Bancorporation, Inc. acquisition.
- (3) All other fees relate to review of acquisition target auditor work papers.

Audit Committee Report

The Audit Committee of the First Interstate board of directors makes the following report which, notwithstanding anything to the contrary set forth in any of our filings under the Securities Act or the Exchange Act, will not be incorporated by reference into any such filings and will not otherwise be deemed to be proxy soliciting materials or to be filed under such Acts.

February 27, 2017

To the Board of Directors of First Interstate BancSystem, Inc.:

The audit committee operates under a charter approved by the First Interstate board of directors that specifies the scope of the audit committee's responsibilities and how they are carried out. The First Interstate board of directors has determined that all members of the audit committee are independent based upon the standards adopted by the First Interstate board of directors, which standards incorporate the independence requirements under applicable laws and regulations.

Management is responsible for First Interstate's systems of internal controls and the financial reporting process. RSM US LLP, First Interstate's independent registered public accounting firm, is responsible for the integrated audit of the consolidated financial statements and internal control over financial reporting. First Interstate's internal auditors are responsible for preparing an annual audit plan and conducting internal audits under the control of the Chief Audit Executive, who is accountable to the audit committee.

The audit committee's responsibility is to monitor and oversee these processes and procedures.

The audit committee relies, without independent verification, on the information provided to it and on the representations made by management regarding the effectiveness of internal control over financial reporting, and that such financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The audit committee also relies on the opinions of the independent auditors on the consolidated financial statements and on the effectiveness of internal control over financial reporting. The audit committee's oversight does not provide assurance that management's and the auditor's opinions and representations are correct.

The audit committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2016 with management, the internal auditors and the independent auditors. The audit committee's review of and discussions about the financial statements included discussions about the quality, not just the acceptability, of the accounting principles used, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The audit committee also discussed with the independent auditors all matters required to be discussed by the applicable standards issued by the Public Company Accounting Oversight Board and has received the written disclosures and the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the audit committee

concerning independence. The audit committee discussed with the independent auditors their independence and any relationships that might have an impact on their objectivity and independence, and reviewed and approved the amount of fees paid for audit and audit-related services.

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Based on the above-mentioned reviews and discussions, and subject to the limitations on its role and responsibilities described above and in the audit committee charter, on February 27, 2017, the audit committee recommended to the board of directors that the audited financial statements referred to above be included in First Interstate's Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS:

Ross E. Leckie
Dana L. Crandall

David H. Crum
Theodore H. Williams

Peter I. Wold

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PROPOSAL NO. 8

APPROVAL OF THE AMENDED AND RESTATED

BYLAWS OF FIRST INTERSTATE

At First Interstate's annual meeting of shareholders, shareholders will consider and vote on a proposal to approve the amended and restated bylaws of First Interstate, which would become effective upon receipt of shareholder approval. The changes to the bylaws include, but are not limited to, the following:

The establishment of a risk committee of the First Interstate board of directors, whose principal duties will be to oversee the conduct of, and review the results of, enterprise-wide risk assessments, including the identification and reporting of critical enterprise risk management practices.

The establishment of chief banking officer, chief legal officer/general counsel and chief risk officer as required officer positions.

The position of vice chair of the First Interstate board of directors is no longer a required officer position.

The appointment and maintenance of a vice chair is optional.

The foregoing description of the amended and restated bylaws of First Interstate does not purport to be complete and is qualified in its entirety by reference to the amended and restated bylaws, which are included as Annex E to this document and are incorporated herein by reference.

First Interstate's board of directors unanimously recommends
that First Interstate shareholders vote FOR
approval of the amended and restated bylaws of First Interstate.

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SPECIAL MEETING OF CASCADE SHAREHOLDERS

This document is being provided to holders of Cascade common stock as Cascade's proxy statement in connection with the solicitation of proxies by and on behalf of its board of directors to be voted at the special meeting of Cascade shareholders and at any adjournment or postponement of the special meeting. This document is also being provided to holders of Cascade common stock as First Interstate's prospectus in connection with the issuance by First Interstate of its shares of Class A common stock as a result of the proposed merger.

Date, Time and Place of Meeting

The special meeting is scheduled to be held as follows:

Date: May 24, 2017

Time: 4:30 p.m., local time

Place: Cascade's headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97703

Purpose of the Meeting

At the special meeting, Cascade's shareholders will be asked to:

Approve and adopt the merger agreement, pursuant to which Cascade will merge with and into First Interstate, with First Interstate surviving the merger, and 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.

Adopt a non-binding advisory resolution approving the compensation that will or may become payable Cascade's named executive officers in connection with merger.

Approve on a non-binding advisory basis the amended and restated articles of incorporation of First Interstate.

Approve a proposal, if necessary, to adjourn the special meeting to permit the further solicitation of proxies if there are not sufficient votes at the time of the special meeting to achieve a quorum or approve and adopt the merger agreement.

Transact any other business that may properly come before the special meeting or any postponement or adjournment of the special meeting.

Who Can Vote at the Meeting

You are entitled to vote if the records of Cascade showed that you held shares of Cascade common stock as of the close of business on March 17, 2017, which is the record date for the Cascade special meeting. As of the close of business on the record date, 75,060,030 shares of Cascade common stock were outstanding. Each share of Cascade common stock has one vote on each matter presented to shareholders. If your shares are held in street name by your broker, bank or other nominee and you wish to vote in person at the special meeting, you will have to obtain a legal proxy from your broker, bank or other nominee entitling you to vote at the special meeting.

Quorum; Vote Required

The special meeting will conduct business only if a majority of the outstanding shares of Cascade common stock is represented in person or by proxy at the meeting to constitute a quorum. If you submit valid proxy instructions or attend the meeting in person, your shares will be counted to determine whether there is a quorum, even if you abstain from voting. If you fail to provide voting instructions to your broker, bank or other nominee with respect to a proposal, that broker, bank or other nominee will not vote your shares with respect to that proposal.

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Approval and adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Cascade common stock. **Failure to submit valid proxy instructions or to vote in person will have the same effect as a vote against the merger agreement. Broker non-votes and abstentions from voting will have the same effect as voting against the merger agreement.**

Approval of 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 requires that the votes cast in favor of the proposal exceed the votes cast against the proposal. The failure to vote in person or submit valid proxy instructions, broker non-votes and abstentions will have no effect on the voting on the proposal.

Approval on a non-binding advisory basis of the amended and restated articles of incorporation of First Interstate requires that the votes cast in favor of the proposal exceed the votes cast against the proposal. The failure to vote in person or submit valid proxy instructions, broker non-votes and abstentions will have no effect on the voting on the proposal.

Approval to adjourn the meeting if necessary to permit further solicitation of proxies requires that the votes cast in favor of the proposal exceed the votes cast against the proposal. The failure to vote in person or submit valid proxy instructions, broker non-votes and abstentions will have no effect on the voting on the proposal.

Shares Held by Cascade Officers and Directors and by First Interstate

As of March 17, 2017, directors and executive officers of Cascade and those shareholders with a representative on Cascade's board of directors beneficially owned 30,168,784 shares of Cascade common stock. This equals 40.2% of the outstanding shares of Cascade common stock as of the March 17, 2017. As of the same date, neither First Interstate nor any its subsidiaries, directors or executive officers owned any shares of Cascade common stock. All of Cascade's directors and certain shareholders of Cascade entered into voting agreements with First Interstate to vote the 41,399,141 shares of Cascade common stock owned by them in favor of the proposal to approve and adopt the merger agreement.

Voting and Revocability of Proxies

You may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, Cascade recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting.

If you are a shareholder of record, you can vote your shares:

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 mailing in the proxy card that is enclosed; or

by voting in person at the special meeting.

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

Cascade shareholders whose shares are held in street name by their broker, bank or other nominee must follow the instructions provided by their broker, bank or other nominee to vote their shares. Your broker, bank or other nominee may allow you to deliver your voting instructions via telephone or the internet. If your shares are held in street name and you wish to vote in person at the special meeting, you will have to obtain a legal proxy from your broker, bank or other nominee entitling you to vote at the special meeting.

If you are a shareholder of record of Cascade common stock, voting instructions are included on the enclosed proxy card. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against or abstain with respect to each matter. If you are the shareholder of

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record of your shares of Cascade common stock and submit your proxy without specifying a voting instruction, your shares of Cascade common stock will be voted FOR the proposal to approve and adopt the merger agreement, FOR the approval on a non-binding advisory basis of the 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. If your shares are held in street name and you return an incomplete instruction card to your broker, bank or other nominee, that broker, bank or other nominee will not vote your shares with respect to any matter.

You may revoke your proxy at any time before it is voted at the special meeting by:

filing with the Corporate Secretary of Cascade a duly executed revocation of proxy;

submitting a new proxy with a later date;

voting again via the internet or by telephone not later than 11:59 p.m., Eastern Time, on May 23, 2017; or

voting in person at the special meeting.

If your shares are held in street name, you should contact your broker, bank or other nominee to change your vote.

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to:

Cascade Bancorp

Andrew J. Gerlicher, Corporate Secretary

1100 N.W. Wall Street

Bend, Oregon 97703

If any matters not described in this document are properly presented at the Cascade special meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares of Cascade common stock. Cascade does not know of any other matters to be presented at the special meeting.

Solicitation of Proxies

Cascade will pay for this proxy solicitation. Additionally, directors, officers and employees of Cascade and Cascade Bank may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. Cascade will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

PROPOSAL NO. 1

APPROVAL AND ADOPTION OF THE MERGER AGREEMENT

At Cascade's special meeting of shareholders, shareholders will consider and vote on a proposal to approve and adopt the merger agreement. Details about the merger agreement, including each party's reasons for the merger, the effect of approval and adoption of the merger agreement and the timing of effectiveness of the merger, are discussed in the section entitled *Description of the Merger* beginning on page 55 of this document.

Cascade's board of directors unanimously recommends

**that Cascade shareholders vote FOR
approval and adoption of the merger agreement.**

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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

In accordance with the requirements of the Dodd-Frank Act and the rules of the SEC adopted thereunder, Cascade's board of directors is providing shareholders with the opportunity to cast a non-binding advisory vote on the compensation that will or may become payable to the five named executive officers of Cascade in connection with the merger, as summarized in the table under the caption *Description of the Merger Interests of Cascade's Director and Executive Officers in the Merger Merger-Related Executive Compensation for Cascade's Named Executive Officers* beginning on page 99 of this document.

As described in greater detail under the caption *Description of the Merger Interests of Cascade's Director and Executive Officers in the Merger Merger-Related Executive Compensation for Cascade's Named Executive Officers*, each of Cascade's named executive officers will or may become entitled to receive a payment from Cascade. Under SEC rules, Cascade's shareholders must be provided with the opportunity to vote on a non-binding advisory resolution to approve certain golden parachute payments that its named executive officers will receive in connection with the merger. The payments to Messrs. Zink, Newton, Reeves and Lee and Ms. Biss constitute golden parachute payments.

Accordingly, at the special meeting, Cascade is asking its shareholders to approve, in a non-binding advisory vote, the compensation that will or may become payable to its named executive officers in connection with the merger through the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to its named executive officers in connection with the merger, as disclosed in the table under the caption *Description of the Merger Interests of Cascade's Director and Executive Officers in the Merger Merger-Related Executive Compensation for Cascade's Named Executive Officers* in the joint proxy statement/prospectus in accordance with Item 402(t) of Regulation S-K, including the associated narrative discussion, and the agreements or understandings pursuant to which such compensation may be paid or become payable, is hereby APPROVED.

The vote on this Proposal No. 2 is a vote separate and apart from the vote on Proposal No. 1 to approve and adopt the merger agreement. Accordingly, Cascade's shareholders may vote not to approve this Proposal No. 2 and to approve Proposal No. 1, and vice versa. Because the vote is advisory in nature only, it will not be binding on either Cascade or First Interstate, regardless of whether the merger agreement is approved. Accordingly, as the compensation to be paid in connection with the merger is a contractual obligation to the named executive officers of Cascade, regardless of the outcome of this advisory vote, such compensation will be payable if the merger agreement is approved and the merger is completed, subject only to the contractual conditions applicable to such payment.

Cascade's board of directors unanimously recommends a vote FOR

approval, on an advisory non-binding basis, of the compensation that will or may become payable to the named executive officers of Cascade in connection with the merger.

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PROPOSAL NO. 3

NON-BINDING ADVISORY VOTE TO APPROVE THE AMENDED

AND RESTATED ARTICLES OF INCORPORATION OF FIRST INTERSTATE

Cascade's board of directors is providing its shareholders with the opportunity to cast a non-binding advisory vote on the amended and restated articles of incorporation of First Interstate, which would become effective upon the completion of the merger.

The changes to the First Interstate articles of incorporation 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. More specifically, the changes to the articles of incorporation include, but are not limited to, the following:

In the case of (1) a Change in Control Transaction (which is defined in the amended and restated articles of incorporation of First Interstate as the sale by First Interstate of all or substantially all of the its assets or those of a significant subsidiary or the merger of First Interstate with or into any other corporation or entity) or (2) the issuance of more than 2% of First Interstate's total voting power to any person or group such that, following such transaction, such person or group would hold more than 50% of the total voting power of First Interstate, First Interstate will need to obtain the approval of the holders of the greater of: (A) a majority of the voting power of the issued and outstanding shares of First Interstate common stock voting together as a single class or (B) two-thirds (66.67%) of the voting power of the shares of First Interstate common stock present in person or represented by proxy at the shareholder meeting called to consider such Change in Control Transaction and entitled to vote thereon, voting together as a single class. However, unless the holders of First Interstate Class A common stock and First Interstate Class B common stock receive the same consideration for their shares in a Change in Control Transaction, First Interstate will not consummate such Change in Control Transaction without the approval of the holders of at least 70% of the voting power of the outstanding shares of First Interstate Class A common stock, voting as a separate class.

If First Interstate elects to consider a Change in Control Transaction and in the twelve months before such Change in Control Transaction the acquiring company acquired any shares of First Interstate Class B common stock, then such Change in Control Transaction will require the affirmative vote of 70% of the voting power of the outstanding shares of First Interstate Class A common stock, voting as a separate class, unless the holders of the First Interstate Class A common stock and First Interstate Class B common stock receive the same consideration for their shares in the Change in Control Transaction and the consideration paid is at least equal to the highest amount paid by the acquiring corporation for the First Interstate Class B common stock during such twelve-month period.

First Interstate cannot merge with or sell any material assets to any shareholder of First Interstate Class B common stock, which we refer to in this document as a Class B Acquisition Transaction, unless such transaction is approved by a majority of the disinterested directors on First Interstate's board of directors and the holders of a majority of the shares of First Interstate Class A common stock, voting as a separate class.

If there are any shares of Class B common stock issued and outstanding, amendment of any of the provisions in the amended and restated articles of incorporation of First Interstate relating to First Interstate common stock, a Change in Control Transaction, a Class B Acquisition Transaction or an amendment to the articles of incorporation requires the affirmative vote of 70% of the voting power of the outstanding shares of the First Interstate Class A common stock, voting as a separate class.

The foregoing description of the amended and restated articles of incorporation of First Interstate does not purport to be complete and is qualified in its entirety by reference to the amended and restated articles of incorporation, which are included as Annex D to this document and are incorporated into this document by reference.

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Because the vote is advisory in nature only, it will not be binding on either Cascade or First Interstate, regardless of whether the merger agreement is approved. Accordingly, if the merger agreement is approved by Cascade's shareholders and the merger is subsequently completed, the amended and restated articles of incorporation of First Interstate will be amended, whether or not Cascade shareholders approve the amended and restated articles of incorporation of First Interstate.

Cascade's board of directors unanimously recommends

that Cascade shareholders vote FOR approval, on an advisory non-binding basis, of

the amended and restated articles of incorporation of First Interstate.

PROPOSAL NO. 4

ADJOURNMENT OF THE SPECIAL MEETING

If there are insufficient proxies at the time of the special meeting to approve and adopt the merger agreement, the Cascade shareholders may be asked to vote on a proposal to adjourn the meeting to a later date to allow additional time to solicit additional proxies. Cascade's board of directors does not currently intend to propose adjournment at the special meeting if there are sufficient votes to approve and adopt the merger agreement (Proposal No. 1).

Cascade's board of directors unanimously recommends a vote FOR

approval of the adjournment of the shareholder meeting if necessary

to solicit additional proxies in favor of the approval and adoption of the merger agreement.

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DESCRIPTION OF THE MERGER

The following summary of the merger agreement and the merger is qualified by reference to the complete text of the merger agreement. A copy of the merger agreement is attached as Annex A to this document and is incorporated by reference into this document. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger.

General

The merger agreement provides for the merger of Cascade with and into First Interstate, with First Interstate as the surviving entity. Immediately following the merger of Cascade with First Interstate, Cascade Bank will merge with and into First Interstate Bank, with First Interstate Bank as the surviving entity.

Consideration to be Received in the Merger

When the merger becomes effective, each share of Cascade common stock issued and outstanding immediately before completion of the merger will automatically be converted into the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash, plus cash in lieu of any fractional share, without interest. The exchange ratio will not be adjusted as a result of any changes in the trading price of First Interstate Class A common stock or Cascade common stock.

If First Interstate declares a stock dividend or distribution on shares of its Class A common stock or subdivides, splits, reclassifies or combines the shares of First Interstate Class A common stock before the effective time of the merger, then the exchange ratio will be adjusted to provide Cascade shareholders with the same economic effect as contemplated by the merger agreement before any of these events.

Cascade's shareholders will not receive fractional shares of First Interstate Class A common stock. Instead, Cascade's shareholders will receive a cash payment for any fractional shares in an amount equal to the product of (1) the fraction of a share of First Interstate Class A common stock to which he, she or it is entitled multiplied by (2) the average closing sales price of First Interstate Class A common stock over the 20 full trading days ending on the fifth day before the closing date of the merger.

Background of and Cascade's Reasons for the Merger

Background of the Merger.

Cascade's board of directors has regularly reviewed and discussed Cascade's business, performance, prospects and long-term strategy in the context of developments in the banking industry and the competitive and regulatory landscape. Cascade's board of directors has considered, from time to time, various potential strategic alternatives, including acquisitions or business combinations involving other financial institutions, such as potential acquisitions of smaller bank holding companies operating primarily in the markets in which Cascade operates or business combinations with larger banking institutions. Cascade's board of directors also considered standalone alternatives such as increasing its number of traditional bank branches through organic growth or acquiring branches of other banking institutions. Cascade's board of directors generally concluded that entering into a strategic transaction with a larger financial institution would be more likely to enhance shareholder value than to pursue standalone alternatives. In connection with the evaluation of these strategic alternatives, Terry E. Zink, Cascade's President and Chief Executive Officer, has had, from time to time, informal discussions with other financial institutions.

Growth through mergers and acquisitions has been and remains an important part of First Interstate's growth plans as evidenced by three acquisitions of financial institutions in the past three years. First Interstate's management has also been hiring additional personnel and strengthening its policies, procedures, technology and infrastructure to operate in the enhanced regulatory environment of a financial institution with assets greater than \$10 billion.

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In May 2015, Cascade entered into discussions with a financial institution, referred to in this document as Party A, that approached Cascade about a possible strategic transaction. During June and July 2015, Cascade's board of directors held several meetings to consider a potential strategic transaction and conferred with management and Cascade's financial and legal advisors. During this time, Cascade's board of directors considered whether to contact other potential merger partners as well as the potential benefits and risks of affirmatively soliciting acquisition proposals from such parties (including the risk of potential disruption to Cascade's business and relationships with employees and customers should information about the sale process become known to the public, the risks of sharing competitively sensitive information with Cascade's competitors and the risk that Party A might withdraw its interest). Cascade's board of directors determined that the risks associated with attempting to affirmatively solicit acquisition proposals from a large number of third parties outweighed the potential benefits. For that reason, Cascade's board of directors authorized its financial advisor to contact only four potential merger partners (other than Party A) to assess their interest and ability to consummate a strategic transaction. Those four potential merger partners were determined, after conferring with Cascade's management and financial advisor, to be most likely to be interested in exploring a strategic transaction with Cascade. Cascade did not enter into confidentiality agreements with any of those four parties or provide them with nonpublic due diligence information. However, one of those potential merger partners, which we refer to in this document as Party B, met with Cascade's management on July 8 and July 14, 2015, to discuss a potential strategic transaction. Ultimately, the four potential merger partners either indicated preliminary valuation terms that led Cascade to conclude a strategic transaction would not be more attractive than the strategic transaction proposed by Party A or responded that they were not interested in pursuing or were unable to pursue a strategic transaction at that time. As a result, Cascade's board of directors authorized Cascade to enter into an exclusivity agreement with Party A and to continue exchanging due diligence information with respect to a potential strategic transaction. During these discussions, Party A proposed a merger transaction with an implied value of approximately \$6.50 per share at that time, with the consideration to consist of 85% Party A common stock and 15% cash. Cascade and Party A, however, were unable to agree on definitive terms for a strategic transaction and terminated discussions in late August 2015.

In early 2016, representatives from each of First Interstate and Party B contacted Mr. Zink to express interest in exploring a potential strategic transaction. First Interstate had not been contacted by Cascade's financial advisor during July 2015, but as noted above, Party B had been contacted and had indicated at that time that it was not then in a position to pursue a strategic transaction with Cascade.

On February 23, 2016, Cascade's board of directors held a regularly scheduled meeting at which representatives of management were present. Cascade's board of directors was informed by Mr. Zink of the contacts from Party B and First Interstate and directed management to hold discussions with both parties to assess their interest in a potential strategic transaction.

On March 11, 2016, Kevin P. Riley, President and Chief Executive Officer of First Interstate and Marcy D. Mutch, Executive Vice President and Chief Financial Officer of First Interstate, met with Mr. Zink, Gregory D. Newton, Cascade's Chief Financial Officer, and other representatives of Cascade in Portland, Oregon, to hold preliminary discussions about a potential strategic transaction.

On March 15, 2016, Cascade entered into a confidentiality agreement (which did not contain standstill covenants) with Party B.

On March 16, 2016, Mr. Zink, Mr. Newton, Charles N. Reeves, Cascade's Chief Operating Officer, and Ryan R. Patrick, Cascade's Non-Executive Chairman of the Board, met with Mr. Riley, Ms. Mutch and James R. Scott, Chairman of the Board of First Interstate, to discuss preliminarily a potential strategic transaction.

On March 21, 2016, Cascade entered into a confidentiality agreement (which did not contain standstill covenants) with First Interstate.

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After entering into confidentiality agreements with First Interstate and Party B, Cascade provided each party with access to an electronic data room to conduct due diligence.

On March 22, 2016, Cascade's board of directors held a meeting at which representatives of management were present. Cascade's management updated the directors on the status of the discussions with First Interstate and Party B.

From late March until early May 2016, Cascade and its representatives met and held numerous discussions with representatives of First Interstate and Party B and exchanged due diligence information. Cascade requested that each party submit an indication of interest in mid-May.

On March 29, 2016, a representative of another financial institution, referred to as Party C, contacted Mr. Zink to express potential interest in exploring a strategic transaction. Party C was among the potential merger partners considered by Cascade's board of directors in July 2015, but Cascade did not contact Party C at that time. Mr. Zink responded that Cascade would be willing to hold discussions with Party C. Party C's representative indicated he would send Cascade a proposed confidentiality agreement, but no such agreement was received. In early May 2016, a representative of Cascade's outside financial advisor at Piper Jaffray contacted Party C on Cascade's behalf because Party C had not yet provided a proposed confidentiality agreement or otherwise communicated with Cascade about a potential strategic transaction. Although Party C informed the representative of Piper Jaffray that Party C was still interested in a potential strategic transaction, neither Cascade nor Piper Jaffray received any further contact from Party C regarding Cascade.

On April 18, 2016, First Interstate held a meeting of its executive committee, which consists of six directors. Representatives of First Interstate's management were also present. Mr. Riley provided an overview of the potential strategic transaction with Cascade, of his previous meetings with representatives of Cascade and preliminary transaction considerations. The executive committee agreed that management of First Interstate should continue its due diligence and negotiations with Cascade to work towards a potential strategic transaction with Cascade.

On April 26, 2016, Cascade's board of directors held a meeting at which representatives of management were present. Cascade's management updated the directors on the status of the discussions with First Interstate and Party B.

On May 18, 2016, Party B provided Cascade with a non-binding indication of interest with an implied value of approximately \$6.37 per share, with the consideration to consist of approximately 75% Party B common stock and 25% cash. The stock consideration was not subject to any collar, which would limit the amount by which an acquiror's stock price could fluctuate between the time the merger agreement is signed and the time the merger is completed. Party B also requested that Cascade enter into an exclusivity agreement.

On May 20, 2016, First Interstate provided Cascade with a non-binding expression of interest with an implied value of approximately \$6.19 per share, with the consideration to consist of approximately 75% First Interstate Class A common stock and 25% cash. The stock consideration was not subject to a collar. First Interstate also requested that Cascade enter into an exclusivity agreement.

On May 24, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton & Williams LLP, Cascade's outside legal counsel, which we refer to in this document as Hunton, were present. Cascade's management updated the directors on the discussions held with First Interstate and Party B and explained each party's stated rationale for a strategic transaction with Cascade. Representatives of Piper Jaffray reviewed the non-binding indications of interest and provided a financial analysis of each of Cascade, Party B and First Interstate on a standalone basis and a financial analysis of a potential strategic transaction with each of Party B and First Interstate. Based on information provided by Piper Jaffray and management, Cascade's board of directors

also considered, among other things: potential synergies in

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a strategic transaction with Party B or First Interstate; whether to affirmatively solicit acquisition proposals from other potential merger parties (and the risks of doing so); Cascade's board of directors' consideration of potential merger partners and the results of the market outreach efforts conducted by Cascade's financial advisor in July 2015; the extent to which Party B's and First Interstate's operations overlapped with Cascade's geographic markets; the dual class structure of First Interstate's common stock, including the concentration of voting power held by the holders of First Interstate Class B common stock; the likelihood of consummating a strategic transaction on a timely basis, including Party B's and First Interstate's relative experience in completing acquisitions of financial institutions the size of Cascade; and the likelihood that the market for Cascade's common stock was trading at a premium due to speculation that Cascade was a possible acquisition target. Cascade's board of directors decided that the risk from a sale process becoming public outweighed the potential benefits of contacting other potential merger partners. Following discussion, Cascade's board of directors instructed management to continue negotiations with each of Party B and First Interstate to seek improved purchase prices from both parties. After the meeting, Cascade's representatives requested representatives of each of First Interstate and Party B to improve the terms of their respective proposals.

On May 25, 2016, First Interstate's board of directors held a meeting at which members of management were present. Mr. Riley provided First Interstate's board of directors with an overview of the potential strategic transaction, preliminary transaction considerations and an update on the discussions and process. After discussion, First Interstate's board of directors approved management's submission of a new indication of interest.

On May 25, 2016, First Interstate provided Cascade with a non-binding indication of interest with an implied value of approximately \$6.42 per share, with the consideration to consist of approximately 70% First Interstate Class A common stock and 30% cash. First Interstate again requested that Cascade enter into an exclusivity agreement.

On May 26, 2016, Party B provided Cascade with a revised non-binding indication of interest with an implied value of approximately \$6.47 per share, with the consideration to consist of approximately 75% Party B common stock and 25% cash, and changes to certain other terms, such as a reduced termination fee that would be payable by Cascade in connection the termination of a definitive merger agreement under certain circumstances. Party B again requested that Cascade enter into an exclusivity agreement.

On May 27, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. Representatives of Piper Jaffray reviewed the revised non-binding indications of interest and its updated financial analysis. Representatives of Hunton also reviewed the directors' legal duties applicable to their consideration of a strategic transaction. Following discussion, Cascade's board of directors determined that pursuing a strategic transaction with Party B at that time was more likely to maximize shareholder value because: Party B's proposal offered a higher implied value to Cascade's shareholders; Cascade's board of directors' belief, based on information provided by management and Piper Jaffray, that a strategic transaction with Party B could be completed more promptly than a strategic transaction with First Interstate and also might create more synergies; and Party B's single class of common stock was considered more favorable to Cascade's shareholders than First Interstate's dual class stock structure. Cascade's board of directors instructed management to try to seek improved terms from Party B and authorized management to enter into an exclusivity agreement. After the meeting, Mr. Zink negotiated the terms of non-binding indication of interest with representatives of Party B, including seeking an improvement in Party B's purchase price.

On May 31, 2016, Party B submitted a revised non-binding indication of interest in which it increased its proposed exchange ratio (with the consideration still to consist of approximately 75% Party B common stock and 25% cash), resulting in an implied value of approximately \$6.50 per share. Party B again requested that Cascade enter into an exclusivity agreement. Mr. Zink provided the revised non-binding indication of interest to Cascade's directors.

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On June 1, 2016, Cascade and Party B executed a non-binding indication of interest and entered into a 60-day exclusivity period. Mr. Zink also informed Mr. Riley of Cascade's board of directors' decision not to continue discussions with First Interstate. Mr. Riley indicated that Cascade should contact First Interstate if circumstances changed.

During June and July 2016, Cascade and Party B conducted due diligence with respect to the potential transaction.

On July 20 and 21, 2016, First Interstate's board of directors held meetings at which representatives of management were present. Ms. Mutch provided an update to First Interstate's board of directors on Cascade's decision not to continue discussions with First Interstate.

On July 26, 2016, Cascade's board of directors held a meeting at which representatives of management were present. Among other things, Cascade's board of directors was updated on the status of the discussions and due diligence process with Party B.

On July 29, 2016, Party B submitted a revised indication of interest pursuant to which it reduced the exchange ratio in its proposal but increased the cash portion of the merger consideration (which cash portion constituted approximately 30% of the implied value of the total consideration payable to Cascade's shareholders). Because of the reduced exchange ratio and the fact that Party B's stock price had declined over the past two months, the implied value reflected in Party B's revised indication of interest was approximately \$6.14 per share. Party B also requested a 14-day extension of the exclusivity period. Later that day, Cascade's board of directors held a meeting at which representatives of management and Piper Jaffray were present to consider Party B's revised indication of interest. Following discussion, Cascade's board of directors agreed to continue negotiations with Party B and to extend the exclusivity period by an additional 14 days.

On August 8, 2016, Party B's legal counsel provided a draft merger agreement to Hunton. Over the next two weeks, the parties continued their due diligence with respect to the potential transaction and their respective legal counsel negotiated the terms of the merger agreement. During this period, Party B withdrew a request previously made during negotiations that Cascade directors who were affiliated with certain Cascade shareholders would have to enter into non-competition agreements with Party B in connection with a strategic transaction.

On August 10, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. At this meeting, Cascade's board of directors was advised that certain Cascade directors and Piper Jaffray had been contacted by a representative of Barclays, First Interstate's financial advisor, who expressed First Interstate's continuing interest in exploring a strategic transaction on the same terms set forth in First Interstate's May 26, 2016, indication of interest. Because Cascade was subject to the exclusivity agreement with Party B and because Cascade's board of directors continued to consider a strategic transaction with Party B to be more favorable to Cascade's shareholders than a strategic transaction with First Interstate based on First Interstate's prior indications of interest, Cascade's board of directors concluded that Cascade should continue pursuing a strategic transaction with Party B. Representatives of Piper Jaffray reviewed a preliminary financial analysis of the potential transaction with Party B. Representatives of Hunton reviewed the material terms of the merger agreement and the voting agreement that Party B had requested from Cascade's directors and certain Cascade shareholders. Cascade's board of directors also authorized an additional six-day extension of exclusivity.

On August 16, 2016, Cascade's board of directors held a meeting at which representatives of management and Piper were present. At this meeting, Cascade's management updated Cascade's board of directors on the status of the negotiations and due diligence with Party B. Cascade's board of directors agreed to extend the exclusivity agreement with Party B for an additional three weeks for continued due diligence.

On August 23, 2016, Cascade's board of directors held a meeting at which representatives of management were present. Among other things, Cascade's board of directors was updated on the progress of the proposed transaction with Party B.

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Between August 23 and August 30, 2016, representatives of Cascade and Party B continued to hold discussions, but by August 30 each party concluded that a satisfactory agreement could not be reached at that time. Party B released Cascade from its exclusivity obligations.

On August 30, 2016, Cascade's board of directors held a meeting at which representatives of management and Piper were present to update Cascade's directors on the termination of the negotiations with Party B. Cascade's board of directors considered whether to reengage with First Interstate in light of various factors, including its prior determination that a strategic transaction was more likely to enhance shareholder value than pursuing standalone alternatives; the trading price of First Interstate Class A common stock had increased since May 20, 2016, which had the effect of increasing the implied value of First Interstate's proposal as set forth in its last indication of interest; the communication from Barclays indicating First Interstate remained interested in pursuing a strategic transaction with Cascade; and Cascade could take advantage of the recent due diligence process with Party B by promptly providing First Interstate with due diligence information to facilitate each party's decision whether to engage in more serious discussions. Following discussion, Cascade's board of directors authorized Cascade's representatives to contact First Interstate to determine whether it was still interested in pursuing a strategic transaction with Cascade. After this meeting, a representative of Piper Jaffray contacted a representative of Barclays, who confirmed that First Interstate remained interested in a potential strategic transaction with Cascade.

On September 1, 2016, Mr. Riley contacted Mr. Zink and expressed First Interstate's continued interest in negotiating a strategic transaction with Cascade. Mr. Zink indicated that the parties should promptly exchange due diligence information to determine whether an acceptable transaction could be reached.

On September 9, 2016, Messrs. Zink, Newton and Patrick met with Mr. Riley and Ms. Mutch in Boise, Idaho, to discuss a strategic transaction. The parties agreed to continue discussions to determine whether a mutually acceptable transaction could be reached.

On September 21 and 22, 2016, First Interstate's board of directors held meetings at which representatives of management were present. Ms. Mutch discussed with First Interstate's board of directors the renewed discussions with Cascade, an overview of the potential strategic transaction and certain transaction considerations. The board authorized management to submit a revised non-binding indication of interest.

On September 23, 2016, First Interstate provided Cascade with a revised non-binding indication of interest with an implied value of approximately \$6.87 per share, with the consideration to consist of approximately 72% First Interstate Class A common stock pursuant to an exchange ratio of 0.15505 and 28% cash pursuant to a fixed cash payment of \$1.91 per share. It also included a collar on the stock consideration pursuant to which the exchange ratio would be adjusted but only if the value of First Interstate Class A common stock at closing was greater or lower than a specified price such that the value of First Interstate common stock payable for each share of Cascade common stock in the merger would be not less than \$3.82 per share (the floor) and not more than \$5.17 per share (the cap). In addition, First Interstate indicated that it would increase the size of its board of directors to include two directors from Cascade's board and that it would require voting agreements from certain of Cascade's shareholders. First Interstate also requested a 60-day exclusivity period to negotiate a definitive agreement.

On September 27, 2016, Cascade's board of directors held a meeting at which representatives of management and Piper Jaffray were present. Representatives of Piper Jaffray reviewed the terms of the revised indication of interest and provided a financial analysis of First Interstate and its proposal, including the terms of the collar and that First Interstate's stock price had risen by approximately 9.9% since its May 25, 2016 proposal. Representatives of Piper Jaffray also expressed their view that Cascade's common stock was still trading at a premium due to continued speculation that Cascade was a possible acquisition target. Among other things, Cascade's directors considered the

dual class structure of First Interstate's common stock and whether it was desirable to include an additional director from Cascade's board on First Interstate's board of directors with

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experience in Cascade's markets in which First Interstate did not already operate. After discussion, Cascade's board of directors authorized management to continue discussions with First Interstate and to request a shorter exclusivity period, a more favorable collar and three seats on First Interstate's board of directors.

After the meeting, Mr. Zink conveyed the requests of Cascade's board of directors to Mr. Riley, and representatives of Cascade and First Interstate continued to negotiate the terms of a potential transaction. During this time, First Interstate agreed to reduce its requested exclusivity period to 45 days.

On September 29, 2016, Cascade's board of directors held a meeting at which representatives of management and Piper Jaffray were present. At this meeting, Mr. Zink updated Cascade's directors on the status of the negotiations with First Interstate.

On October 3, 2016, First Interstate provided Cascade with a revised non-binding indication of interest in which it raised the floor of the collar to \$3.88 but did not increase the cap. Later that day, Cascade's board of directors held a meeting at which representatives of management and Piper Jaffray were present. Mr. Zink reviewed the terms of First Interstate's revised non-binding indication of interest. Mr. Zink informed Cascade's directors, however, that First Interstate was unwilling to increase the cap in the collar. Following discussion, Cascade's board of directors authorized management to enter into a 45-day exclusivity arrangement and to continue negotiations with First Interstate.

On October 4, 2016, Cascade and First Interstate entered into a 45-day exclusivity agreement. Over the next two weeks, representatives of Cascade and First Interstate conducted due diligence with respect to a potential strategic transaction.

On October 13, 2016, Cascade's representatives provided First Interstate with a draft merger agreement.

On October 21, 2016, Luse Gorman, PC, outside counsel to First Interstate, which we refer to in this document as Luse Gorman, sent Hunton comments on the draft merger agreement.

On October 25, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. Cascade's board of directors was updated by representatives of management and Hunton on the status of the due diligence process. Representatives of Hunton also reviewed the directors' fiduciary duties in the context of the potential transaction, the regulatory approval process for the merger and the material terms of the merger agreement, including First Interstate's proposed termination fee equal to 5% of the transaction's equity value and that Cascade could not terminate the merger agreement to accept a superior proposal from a third party. Cascade's board of directors instructed Hunton to seek more favorable terms in the merger agreement, including a lower termination fee payable if Cascade's board of directors changed its recommendation of the merger and the ability to terminate the merger agreement to accept a superior proposal. Cascade's board of directors also discussed First Interstate's dual class stock structure with Hunton and instructed Hunton to negotiate certain changes to First Interstate's articles of incorporation that would provide additional protections to First Interstate's Class A shareholders in any future sale transaction.

On October 26, 2016, Hunton sent a revised draft of the merger agreement and a proposed draft of the voting agreement to Luse Gorman. Over the next week, representatives of Hunton and Luse Gorman negotiated the terms of the merger agreement and voting agreements. Among other things, First Interstate agreed to a termination fee equal to 3.75% of the transaction value and to allow Cascade to terminate the merger agreement under certain circumstances to accept a superior proposal from a third party. First Interstate did not agree, however, to increase from two to three the number of directors from Cascade's board of directors that would join First Interstate's board of directors. In addition, First Interstate indicated it would not agree to Cascade's proposed changes to First Interstate's articles of incorporation.

On November 3, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. Cascade's board of directors was updated by management

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on the status of the due diligence process. Hunton provided an update on the status of the negotiations and reviewed the proposed terms of the merger agreement and voting agreements, which would be entered into by the directors and certain shareholders of each of Cascade and First Interstate. Representatives of Piper Jaffray reviewed an updated financial analysis of the proposed transaction. Among other things, Cascade's board of directors agreed that Cascade's representatives should continue to seek changes to First Interstate's articles of incorporation to address concerns over the concentrated voting power among the holders of First Interstate Class B common stock as it would relate to any future sale transaction.

Over the next two weeks, representatives of First Interstate and Cascade continued to negotiate the terms of the transaction. During this time, First Interstate agreed to certain changes to its articles of incorporation to provide additional protections to First Interstate Class A shareholders. Specifically, First Interstate agreed that its articles of incorporation would be amended to require a supermajority vote of First Interstate Class A shareholders voting as a single class if First Interstate Class A shareholders and First Interstate Class B shareholders were to be provided different consideration in a future sale transaction. The parties also exchanged revised drafts of the merger agreement and voting agreements.

On November 8, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. At this meeting, Cascade's directors expressed concern that, because of a recent increase in First Interstate's stock price, the cap in the collar had already been reached and therefore would prevent Cascade's shareholders from benefitting from any further appreciation in First Interstate's stock price before closing. Cascade's board of directors directed management to seek improved terms to the collar. Cascade's board of directors also discussed with Hunton the proposed terms of the amendment to First Interstate's articles of incorporation.

On November 10, 2016, Mr. Zink negotiated the terms of the collar with Mr. Riley and requested that the cap be increased to provide Cascade's shareholders with greater value resulting from an increase in the trading price of First Interstate common stock. Mr. Riley informed Mr. Zink that First Interstate would be willing to remove the collar in exchange for lowering the exchange ratio to 0.14864.

On November 11, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. Representatives of management and Piper Jaffray reviewed First Interstate's revised proposal to eliminate the collar in exchange for a reduction in the exchange ratio. Among other things, Cascade's board of directors considered and discussed with management and Piper Jaffray the implied value of First Interstate's revised proposal, the benefits to eliminating the cap, the disadvantages to eliminating the floor, First Interstate's prospects and various factors that might adversely or positively affect the market price for shares of Cascade common stock and First Interstate common stock, including the banking industry's prospects in light of the outcome of the presidential election. Following discussion, Cascade's board of directors agreed to First Interstate's proposal and instructed management to finalize a definitive merger agreement. Also on November 11, 2016, Luse Gorman sent Hunton a revised draft merger agreement.

On November 15, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. Representatives of Hunton reviewed the changes to the merger agreement and the voting agreements. Representatives of Piper Jaffray reviewed an updated financial analysis of the proposed transaction.

On November 16, 2016, Cascade's board of directors held a meeting at which representatives of management, Piper Jaffray and Hunton were present. A representative of Piper Jaffray reviewed financial analyses relating to Cascade, First Interstate and the proposed transaction and delivered to Cascade's board of directors an oral opinion, subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the limitations,

qualifications and assumptions set forth in such opinion, the merger consideration to be paid to the holders of outstanding shares of Cascade's common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. See *The Merger Opinion of Cascade's Financial Advisor*

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beginning on page 66 of this document for more information about Piper Jaffray's fairness opinion. After discussion of the terms of the merger agreement and ancillary documents, consideration of other relevant issues, including a variety of business, financial and market factors, including those set forth below under *The Merger Reasons for the Merger* and the delivery of Piper Jaffray's fairness opinion, Cascade's board of directors unanimously adopted and approved the merger agreement.

Also on November 16, 2016, First Interstate's board of directors held a meeting at which representatives of First Interstate's senior management, Barclays and Luse Gorman were present. Representatives of Barclays reviewed the financial analysis supporting its proposed opinion. After discussion among First Interstate's board of directors and its advisors, representatives of Barclays delivered an oral opinion, 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 on 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. See *The Merger Opinion of First Interstate's Financial Advisor* beginning on page 79 of this document for more information about Barclays' fairness opinion. First Interstate's board of directors was updated on the results of the completion of the legal and business due diligence review of Cascade. A representative of Luse Gorman reviewed in detail the terms of the merger agreement and voting agreements to be entered into by the directors.

On November 17, 2016, First Interstate's board of directors held a meeting and, following a discussion of the previous day's presentations and further discussion among the members of First Interstate's board of directors, unanimously approved the merger agreement. Later that day, Cascade and First Interstate entered into the merger agreement and announced the merger. The parties to the voting agreements also entered into the voting agreements.

Cascade's Reasons for the Merger.

In reaching a determination to approve the merger agreement and the transactions contemplated thereby, including the merger, Cascade's board of directors considered a number of factors, both positive and negative, and potential benefits and detriments of the merger to Cascade and its shareholders. Cascade's board of directors identified the following factors and benefits of the merger that, among others, Cascade's board of directors believes generally support its decision and recommendation:

Cascade's board of directors' understanding of, and presentations of Cascade's management regarding, the business, growth prospects, current and projected financial condition, assets, results of operations, business strategy and current and prospective regulatory environment of both Cascade and First Interstate;

Cascade's board of directors' consideration of certain other potential strategic alternatives for Cascade, including continuing to operate as a standalone company and the potential to acquire, be acquired or combine with third parties, and the risks and uncertainties associated with each alternative, as well as Cascade's board of directors' assessment that none of these alternatives was reasonably likely to present superior opportunities for Cascade to create greater value for Cascade's shareholders, taking into account the timing and the likelihood of accomplishing such alternatives and the risks of execution, as well as business, competitive, industry and market risks;

the financial information and analyses presented by Piper Jaffray to Cascade's board of directors, and Piper Jaffray's opinion, dated November 16, 2016, that, as of such date and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to holders of Cascade common stock;

that the merger consideration represents a premium of 17.3%, based on the cash portion of the merger consideration and the 20-day volume weighted average price for the twenty days prior to the public announcement of the merger, and a premium of 9.6% per share, based on the cash portion of the

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merger consideration and the closing prices of Cascade common stock and First Interstate Class A common stock on November 16, 2016, the day before the public announcement of the execution of the merger agreement;

Cascade's closing condition in the merger agreement that it will have received the opinion of Hunton that the merger will qualify as a reorganization within Section 368(a) of the Internal Revenue Code and Cascade's board of directors' expectation that Cascade's shareholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the completion of the merger, except with respect to the cash portion of the merger consideration and any cash they receive for fractional shares;

the results of Cascade's due diligence investigation of First Interstate, including the impact of First Interstate exceeding the \$10 billion asset threshold;

that the merger will result in a combined company with greater financial resources and a higher lending limit than Cascade would have if it were to continue its operations as an independent entity;

the anticipated cost savings from expected increases in operating efficiency, reduced payments to vendors and third parties and elimination of duplicate executive management positions, while increasing responsiveness to compliance and regulatory requirements;

the lack of geographic overlap between Cascade and First Interstate, which will expand and diversify the markets in which the combined company operates and is expected to result in a high rate of retention of Cascade's employees after the announcement of the merger, which retention is expected to benefit the combined company;

the view of Cascade's management that the merger will allow for greater opportunities for Cascade's clients, customers and other constituencies within the communities in which Cascade operates, and that the potential synergies, low loan and deposit concentration levels allowing greater growth in all classes of commercial lending and diversification resulting from the merger will enhance product offerings and customer service beyond the level believed to be reasonably achievable by Cascade on an independent basis;

the recommendation of Cascade's management in favor of the merger, considered in light of the benefits to be received by them in connection with the merger;

that upon consummation of the merger, First Interstate's board of directors will contain two current members of Cascade's board of directors;

that the terms and conditions of the merger agreement, including, but not limited to, the representations, warranties and covenants of the parties, the conditions to completion of the merger and the form and

structure of the merger consideration, are reasonable;

the likelihood that the merger will be completed based on, among other things, (1) each party's obligation to use its reasonable best efforts to obtain regulatory approvals as promptly as practicable and (2) the limited closing conditions contained in the merger agreement;

that the merger agreement provides Cascade with the ability to seek specific performance by First Interstate of its obligations under the merger agreement, including to consummate the merger;

the stock portion of the merger consideration is a fixed exchange ratio of shares of Cascade common stock to First Interstate Class A common stock; as a result, Cascade's shareholders could benefit from an increase in the trading price of First Interstate Class A common stock during the pendency of the merger;

First Interstate's agreement to amend and restate its articles of incorporation to 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 mergers and other transactions, and that such provision would not be changed except by a supermajority vote; and

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the ability of Cascade's board of directors to change its recommendation that Cascade shareholders vote to approve the merger agreement, subject to the terms and conditions set forth in the merger agreement (including the right of First Interstate to match any competing bid and the payment of a termination fee). Cascade's board of directors also identified and considered a variety of uncertainties and risks concerning the merger, including, but not limited to, the following:

the possibility that the merger may not be completed, or that its completion may be unduly delayed, for reasons beyond the control of Cascade or First Interstate;

the regulatory approvals required to complete the merger, the potential length of the regulatory approval process and the risks that the regulators could impose materially burdensome regulatory conditions that would allow either party to terminate the merger agreement or refuse to complete the merger;

the time, attention and effort required from Cascade's management and employees, and the risk of Cascade employee attrition, during the period before the completion of the merger and the potential effect on Cascade's and First Interstate's respective business and relationships with customers, service providers and other stakeholders, whether or not the merger is completed;

the dual-class structure of First Interstate's common stock, in which First Interstate Class A common stock is entitled to one vote per share and First Interstate Class B common stock is entitled to five votes per share, including (1) the reduced voting power Cascade shareholders will have in the combined company due to receiving shares of First Interstate Class A common stock rather than First Interstate Class B common stock, (2) that First Interstate's controlling shareholder group's voting interest in First Interstate is not proportionate to its economic interest in First Interstate, (3) that First Interstate Class A common stock price likely reflects a discount due to the potential lack of availability of any control premium for such shares if First Interstate were to be acquired and (4) that Cascade shareholders will be minority shareholders in the combined company; however, First Interstate's agreement to amend and restate its articles of incorporation to 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 mergers and other transactions and that such provision would not be changed except by a supermajority vote, mitigates some of the concerns with First Interstate's dual class structure;

the requirement that Cascade conduct its business in the ordinary course and the other restrictions on the conduct of Cascade's business before completion of the merger, which may delay or prevent Cascade from undertaking business opportunities that may arise pending completion of the merger;

the potential that certain provisions of the merger agreement prohibiting Cascade from soliciting, and limiting its ability to respond to, proposals for alternative transactions, and requiring the payment of a termination fee could have the effect of discouraging an alternative proposal;

the transaction expenses that will be incurred in connection with the merger, including the costs of integrating the businesses of Cascade and First Interstate;

the possible effects of the pendency or consummation of the transactions contemplated by the merger agreement, including any suit, action or proceeding initiated in respect of the merger;

the risk that benefits and synergies currently expected to result from the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of Cascade and First Interstate;

the lack of geographic overlap between Cascade and First Interstate, which may limit the combined company's ability to implement cost savings by eliminating branch locations and duplicate management and other employee positions;

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the increased regulatory burden that will be imposed on the combined company due to its assets exceeding \$10 billion following the merger;

the stock portion of the merger consideration is a fixed exchange ratio of shares of Cascade common stock to First Interstate Class A common stock; as a result, Cascade's shareholders could be adversely affected by a decrease in the trading price of First Interstate Class A common stock during the pendency of the merger; and

the interests that certain officers and directors of Cascade have in the merger.

The foregoing discussion of information and factors considered by Cascade's board of directors is not intended to be exhaustive. In light of the variety of factors considered in connection with its evaluation of the merger agreement and the merger, Cascade's board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. Moreover, each member of Cascade's board of directors applied his or her own personal business judgment to the process and may have given different weight to different factors than other members gave to such factors.

Based on the factors described above, Cascade's board of directors determined that the merger with First Interstate and the merger of Cascade Bank with First Interstate Bank were advisable and in the best interests of Cascade shareholders and unanimously approved the merger agreement.

Recommendation of Cascade's Board of Directors

Cascade's board of directors has unanimously approved the merger agreement and the merger and unanimously recommends that you vote FOR the merger agreement.

Opinion of Cascade's Financial Advisor

Pursuant to an engagement letter dated October 14, 2016, Cascade's board of directors engaged Piper Jaffray as financial advisor to Cascade in connection with the merger with First Interstate. Piper Jaffray is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Cascade and its business. As part of its investment banking business, Piper Jaffray is routinely engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions. The Piper Jaffray written opinion, dated November 16, 2016, is sometimes referred to in this section as the Piper Jaffray opinion.

Piper Jaffray participated in certain of the negotiations leading to the execution of the merger agreement. At the meeting of the board of directors of Cascade held on November 16, 2016, Piper Jaffray delivered to the board of directors its oral opinion, followed by delivery of its written opinion, that, as of such date, and based upon and subject to the various factors, assumptions and limitations set forth in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Cascade common stock.

The full text of the Piper Jaffray opinion, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex C to this document and is incorporated by reference in this document. Piper Jaffray's opinion speaks only as of the date of the opinion. You are urged to read the opinion carefully in its entirety. Piper Jaffray's opinion was addressed to, and provided for the information and benefit of, Cascade's board of directors (in its capacity as such) in connection with its evaluation of the fairness of the

merger consideration from a financial point of view, and did not address any other aspects or implications of the merger. The opinion does not constitute a recommendation to Cascade's board of directors or to any other persons in respect of the merger, including as to how any holder of Cascade common stock should vote at any Cascade special meeting held

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in connection with the merger, or to take, or not to take, any action in respect of the merger. Piper Jaffray's opinion does not address the relative merits of the merger as compared to any other business or financial strategies that might be available to Cascade, nor does it address the underlying business decision of Cascade to engage in the merger. The issuance of the Piper Jaffray opinion was approved by a fairness opinion committee of Piper Jaffray.

The summary of the opinion of Piper Jaffray set forth below is qualified in its entirety by reference to the full text of the opinion. Piper Jaffray has consented to the inclusion of this summary of its opinion in this document.

In rendering its opinion, Piper Jaffray, among other things:

reviewed and analyzed the financial terms of a draft of the merger agreement dated as of November 15, 2016;

reviewed and analyzed certain financial and other data with respect to Cascade and First Interstate, which was publicly available or made available to Piper Jaffray by Cascade or by First Interstate, that Piper Jaffray deemed relevant;

reviewed and analyzed certain forward-looking information relating to Cascade and First Interstate that was publicly available, as well as that which was furnished to Piper Jaffray by Cascade and First Interstate, including Cascade's internal forecasts included in this document in the section entitled "Unaudited Prospective Financial Information of Cascade and First Interstate";

reviewed and analyzed materials detailing the merger prepared by Cascade, First Interstate and their respective affiliates and by their respective legal and accounting advisors, including the estimated amount and timing of the assumptions relating to transaction expenses, regulatory costs, synergies and purchase accounting adjustments expected to result from the merger, which we refer to as the "Synergies";

reviewed the current and historical reported prices and trading activity of Cascade common stock and First Interstate Class A common stock relative to the merger consideration and similar information for certain other publicly traded companies deemed by Piper Jaffray to be comparable to Cascade and First Interstate;

compared the financial performance of Cascade and First Interstate with that of certain other publicly traded companies that Piper Jaffray deemed relevant;

performed certain financial analyses for Cascade and First Interstate on a pro forma combined basis giving effect to the merger based on assumptions relating to the Synergies, as provided by the management of First Interstate and approved by Cascade;

performed a discounted cash flow analysis for each of Cascade and First Interstate on a stand-alone basis;

considered the current market environment generally and the community banking environment in particular;

reviewed the financial terms, to the extent publicly available, of certain business combination transactions in the depository banking industry that Piper Jaffray deemed relevant; and

conducted other analyses, examinations and inquiries and considered such other financial, economic and market criteria as Piper Jaffray deemed necessary in arriving at its opinion.

Piper Jaffray also held several discussions with certain members of senior management and representatives of both Cascade and First Interstate with respect to certain aspects of the merger, and the past and current

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business operations of Cascade and First Interstate, the financial condition and future prospects and operations of Cascade and First Interstate, the effects of the merger on the financial condition and future