

FIRST INTERSTATE BANCSYSTEM INC

Form S-4

January 26, 2017

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

Registration No. 333-

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

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

FIRST INTERSTATE BANCSYSTEM, INC.
(Exact name of registrant as specified in its charter)

Montana
(State or other jurisdiction of
incorporation or organization)

6022
(Primary Standard Industrial
Classification Code Number)

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

401 North 31st Street

Billings, Montana 59116

(406) 255-5390

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

Kevin P. Riley

President and Chief Executive Officer

401 North 31st Street

Billings, Montana 59116

(406) 255-5390

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

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401 North 31st Street

Billings, Montana 59116

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1445 Ross Avenue, Suite 3700**

Dallas, Texas 75202

Phone: (214) 979-3000

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

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

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

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

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

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

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

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

For First Interstate shareholders:

For Cascade shareholders:

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

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

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

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

Terry E. Zink
President and Chief Executive Officer
Cascade Bancorp

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

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

Joint proxy statement/prospectus dated [], 2017

and first mailed to shareholders of First Interstate and Cascade

on or about [], 2017.

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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 [].

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

First Interstate BancSystem, Inc.

401 North 31st Street

Billings, Montana 59116

Attention: Kirk D. Jensen

Telephone: (406) 255-5304

Cascade Bancorp

1100 N.W. Wall Street

P.O. Box 369

Bend, Oregon 97703

Attention: Investor Relations

Telephone: (541) 617-3513

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

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

ABOUT THIS DOCUMENT

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

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

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

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

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FIRST INTERSTATE BANCSYSTEM, INC.

401 North 31st Street

Billings, Montana 59116

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

To the Shareholders of First Interstate:

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

The purpose of the special meeting is to:

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors,

Kirk D. Jensen

Corporate Secretary

Billings, Montana

[], 2017

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CASCADE BANCORP

1100 N.W. Wall Street

Bend, Oregon 97703

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

To the Shareholders of Cascade:

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

The purpose of the special meeting is to:

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors,

Andrew J. Gerlicher

Corporate Secretary

Bend, Oregon

[], 2017

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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 special meetings. The companies urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.

Q: Why am I receiving this document?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: Will First Interstate pay dividends after the merger?

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

Q: How do Cascade shareholders exchange their stock certificates?

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

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

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

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

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

Q: When is the merger expected to be completed?

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: When and where is the Cascade special meeting?

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

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

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

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

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

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

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

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

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

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

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

by voting in person at the meeting.

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

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

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

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

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

by voting in person at the meeting.

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

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

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

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

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

Q: What are the deadlines for voting?

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

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

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

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

A:

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

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

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

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

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

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

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

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

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

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

Q: Who can answer my other questions?

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

First Interstate

Shareholders should contact:

Cascade

Shareholders should contact:

[Proxy Solicitor]

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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 September 30, 2016, First Interstate had total assets of \$8.97 billion, total deposits of \$7.33 billion and shareholders' equity of \$982.5 million.

Cascade Bancorp

1100 N.W. Wall Street

Bend, Oregon 97703

(877) 617-3400

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

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

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

of incorporation of First Interstate.

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

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

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

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

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

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

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

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

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

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

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

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

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

Comparative Market Prices (page [])

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

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

Treatment of Cascade Equity Awards (page [])

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

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

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

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

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

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

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

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

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

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

Recommendation of Cascade Board of Directors (page [])

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

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

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

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

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

No Appraisal Rights for Cascade Shareholders (page [])

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

Regulatory Approvals (page [])

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

Conditions to Completing the Merger (page [])

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

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

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

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

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

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

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

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

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Termination (page [])

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

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

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

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

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

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

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

Termination Fee (page [])

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

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

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

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

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

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

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

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

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

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

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

Board of Directors (page [])

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

Accounting Treatment of the Merger (page [])

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

Certain Differences in Shareholder Rights (page [])

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

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

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

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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.

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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, 2015 and subsequent Quarterly Reports on Form 10-Q. See Where You Can Find More Information. In addition, you should consider the following risk factors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cascade shareholders do not have appraisal rights in the merger.

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

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

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

of the different rights associated with First Interstate common stock.

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

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

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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.

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

Selected Consolidated Historical Financial Data of First Interstate

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

OPERATING DATA

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

COMMON SHARE DATA

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

KEY OPERATING RATIOS

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

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

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

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

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

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

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

Common equity
tier 1 risk-based

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

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

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

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
	(In thousands, except per share data)	
Pro forma combined income statement data:		
Interest income	\$ 301,929	\$ 381,816
Interest expense	15,612	21,295
Net interest income	286,318	360,520
Provision for loan losses	9,413	3,572
Net interest income after provision for loan losses	276,905	356,948
Non-interest income	117,848	151,397
Non-interest expense	264,388	338,636
Income before income taxes	130,365	169,710
Income tax expense	45,136	58,485
Net income	\$ 85,229	\$ 111,224
Pro forma per share data:		
Basic earnings per share	\$ 1.53	\$ 1.97
Diluted earnings per share	\$ 1.52	\$ 1.95

**At September 30,
2016**

(In thousands)

Pro forma combined balance sheet data:

Total assets	\$	12,242,715
Loans receivable, net of allowance for loan losses		7,489,786
Investment securities		2,744,679
Deposits		10,072,608
Total shareholders' equity		1,444,601

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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 2015.

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 September 30, 2016	\$ 21.89	\$ 4.81	\$ 25.70	\$ 3.82
Cash dividends declared per share:				
Nine months ended September 30, 2016	0.66		0.66	0.10
Year ended December 31, 2015	0.80		0.80	0.12
Basic earnings per share:				
Nine months ended September 30, 2016	1.59	0.15	1.53	0.23
Year ended December 31, 2015	1.92	0.29	1.97	0.30
Diluted earnings per share:				
Nine months ended September 30, 2016	1.58	0.15	1.52	0.23
Year ended December 31, 2015	1.90	0.29	1.95	0.29

(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.

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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
March 31, 2017 (through , 2017)	\$	\$	\$ 0.24	\$	\$	\$
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 [Record Date], there were approximately [] holders of record of First Interstate common stock. As of [Record Date], there were approximately [] 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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SPECIAL 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 special meeting of First Interstate shareholders and at any adjournment or postponement of the special meeting.

Date, Time and Place of Meeting

The special meeting is scheduled to be held as follows:

Date: [Meeting Date]

Time: :00 .m., local time

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

Purpose of the Meeting

At the special 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 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, approve and adopt the merger agreement or approve the amended and restated articles of incorporation of First Interstate.

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 First Interstate showed that you held shares of First Interstate common stock as of the close of business on [Record Date], which is the record date for the First Interstate special meeting. As of the close of business on the record date, [] shares of First Interstate Class A common stock and [] 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 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 presence, in person or by proxy, of the holders of a majority of the voting power of First Interstate common stock at the special meeting constitutes a quorum for the transaction of business at the special 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.

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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 special 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 voting power of First Interstate Class A and Class B common stock present in person or by proxy at the special meeting, voting together as a single class, is required to adjourn the meeting if necessary to permit further solicitation of proxies. An abstention from voting will have the same effect as a vote against the proposal to adjourn the meeting to permit further solicitation of proxies. 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 [Record Date], directors and executive officers of First Interstate beneficially owned [] shares of First Interstate Class A common stock and [] shares of First Interstate Class B common stock. This equals []% of the voting power of the outstanding shares of First Interstate common stock as of the [Record Date]. All of First Interstate's directors entered into voting agreements with Cascade to vote the [] shares of First Interstate Class A common stock and [] 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 [Record Date], 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 special meeting. To ensure your representation at the special meeting, First Interstate recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote in person 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 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.

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,

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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 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 and FOR the proposal to adjourn the meeting if necessary to permit further solicitation of proxies. 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 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 [], 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:

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 special 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 special meeting.

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 [], 2017.**

Solicitation of Proxies

First Interstate will pay for this proxy solicitation. In addition to soliciting proxies by mail, [Proxy Solicitor], a proxy solicitation firm, will assist First Interstate in soliciting proxies for the special meeting. First

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Interstate will pay \$[] 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 special 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 [] 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 special 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 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

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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 SPECIAL 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 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

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**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.**

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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: [Meeting Date]

Time: :00 .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 [Record Date], which is the record date for the Cascade special meeting. As of the close of business on the record date, [] 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 [Record Date], directors and executive officers of Cascade and those shareholders with a representative on Cascade's board of directors beneficially owned [] shares of Cascade common stock. This equals []% of the outstanding shares of Cascade common stock as of the [Record Date]. 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 those shareholders with a representative on Cascade's board of directors entered into voting agreements with First Interstate to vote the [] 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 [], 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 [] 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 [] 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 28, 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 [] 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 [] 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 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;

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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

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).

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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;

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

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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 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.

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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 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 prospects of First Interstate, and certain other matters Piper Jaffray believed necessary or appropriate to its inquiry.

In arriving at its opinion, Piper Jaffray relied upon and assumed, without assuming liability or responsibility for independent verification, the accuracy and completeness of all information that was publicly available or was furnished, or otherwise made available to, or discussed with or reviewed by Piper Jaffray. Piper Jaffray further

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relied upon the assurances of the management of Cascade and First Interstate that the financial information provided was prepared on a reasonable basis in accordance with industry practice, and that they are not aware of any information or facts that would make any information provided to Piper Jaffray incomplete or misleading. Without limiting the generality of the foregoing, for the purpose of its opinion, Piper Jaffray assumed that with respect to financial forecasts, estimates and other forward-looking information (including the Synergies) reviewed by Piper Jaffray, that such information was reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the management of Cascade and First Interstate as to the expected future results of operations and financial condition of Cascade and First Interstate, respectively, to which such financial forecasts, estimates and other forward-looking information (including the Synergies) relate and Piper Jaffray assumed that such results would be achieved. Piper Jaffray expressed no opinion as to any such financial forecasts, estimates or forward-looking information (including the Synergies) or the assumptions on which they were based.

Piper Jaffray expressed no opinion as to any of the legal, accounting and tax matters relating to the merger and any other transactions contemplated in connection with the merger and relied, with Cascade's consent, on the assumptions of the management of Cascade and First Interstate, as to all accounting, legal, tax and financial reporting matters with respect to Cascade, First Interstate and the merger agreement.

In arriving at its opinion, Piper Jaffray assumed that the executed merger agreement would be, in all material respects, identical to the last draft reviewed by it. Piper Jaffray relied upon and assumed, with Cascade's consent, without independent verification, that (1) the representations and warranties of all parties to the merger agreement and all other related documents and instruments that are referred to in the merger agreement are true and correct, (2) each party to such agreements will fully and timely perform all of the covenants and agreements required to be performed by such party, (3) the merger will be consummated pursuant to the terms of the merger agreement without any amendment thereto and (4) all conditions to the consummation of the merger will be satisfied without waiver by any party of any condition or obligation thereunder.

Additionally, Piper Jaffray assumed that all the necessary regulatory approvals and consents required for the merger will be obtained in a manner that would not adversely affect Cascade, First Interstate or the contemplated benefits of the merger.

Piper Jaffray did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent, derivative, off-balance sheet, or other) of Cascade or First Interstate, and was not furnished or provided with any such appraisals or valuations, nor did it evaluate the solvency of Cascade or First Interstate under any state or federal law relating to bankruptcy, insolvency or similar matters. Piper Jaffray also assumed in all respects material to its analysis that Cascade and First Interstate would remain as a going concern for all periods relevant to its analysis. Accordingly, Piper Jaffray expressed no opinion regarding such valuations, or the solvency or the liquidation value of Cascade, First Interstate or any other entity. Piper Jaffray assumed that there has been no material change in the respective assets, financial condition, results of operations, business or prospects of Cascade or First Interstate since the date of the most recent financial data made available to it. Without limiting the generality of the foregoing, Piper Jaffray did not: (1) conduct a review of any individual credit files of Cascade or First Interstate, nor did it evaluate the adequacy of the loan or lease reserves of Cascade or First Interstate, (2) conduct a review of any credit or loan marks or other mark-to-market adjustment that may be taken in connection with the merger, nor did it evaluate the adequacy of any contemplated credit or loan marks to be so taken, or (3) conduct a review of the collectability of any asset or the future performance of any loan or other assets of Cascade or First Interstate. Piper Jaffray assumed, with Cascade's consent, that the respective allowances for loan and lease losses for Cascade and First Interstate, and the credit or loan marks are adequate to cover such losses and will be adequate, without change, on a pro forma basis for First Interstate. Accordingly, Piper Jaffray expressed no opinion with respect to the foregoing.

Without limiting the generality of the foregoing, Piper Jaffray did not make any independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities, to

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which Cascade or First Interstate is a party or may be subject, and at the direction of Cascade and with Cascade's consent, Piper Jaffray's opinion makes no assumption concerning, and therefore does not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Piper Jaffray assumed, based on its discussions with management of Cascade and First Interstate, that none of Cascade, First Interstate, nor any of their respective subsidiaries is party to any material pending transaction, including without limitation any financing, recapitalization, acquisition or merger, divestiture or spin-off, other than the merger and the merger of the principal banking subsidiaries of Cascade and First Interstate contemplated by the merger agreement.

No company or transaction used in any analysis for purposes of comparison is identical to Cascade, First Interstate or the merger. Accordingly, an analysis of the results of the comparisons is not solely mathematical; rather, it involves complex considerations and judgments about differences in the companies and transactions to which Cascade, First Interstate and the merger were compared and other factors that could affect the public trading value or transaction value of Cascade, First Interstate and the combined company or the values in the transactions being compared.

Piper Jaffray's opinion is necessarily based on current economic, market and other conditions and upon the information available to Piper Jaffray and facts and circumstances as they existed and were subject to evaluation on the date of the Piper Jaffray opinion. Events occurring after the date of the Piper Jaffray opinion could materially affect the assumptions used in preparing the opinion. Piper Jaffray expressed no opinion as to the price at which shares of Cascade common stock or First Interstate Class A common stock may trade following announcement or completion of the merger or at any future time. Piper Jaffray did not and does not have any obligation to reaffirm or revise its opinion.

Piper Jaffray's opinion does not address Cascade's business decision to proceed with or effect the merger, the merits of the merger relative to any alternative transaction or business strategy that may be available to Cascade, First Interstate's ability to fund the cash consideration, or any other term contemplated by the merger agreement or the fairness of the merger to holders of any other class of Cascade securities, or to Cascade's creditors or other constituencies. Furthermore, Piper Jaffray expressed no opinion with respect to the amount or nature of compensation to any officer, director or employee of any party to the merger, or any class of such persons, relative to the merger consideration to be received by holders of Cascade common stock in the merger or with respect to the fairness of any such compensation, including whether such payments are reasonable in the context of the merger.

The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Piper Jaffray believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create an incomplete or potentially misleading view of the process underlying its analyses and opinion. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before November 16, 2016 (the date of the Piper Jaffray opinion), and is not necessarily indicative of market conditions.

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Summary of Proposal. Pursuant to the terms of the merger agreement, at the effective time of the merger, each share of Cascade common stock will be converted into the right to receive 0.14864 shares of First Interstate Class A common stock, plus \$1.91 in cash, without interest. Based on First Interstate's closing price on November 15, 2016 of \$38.05, the merger consideration was equivalent to a price of \$7.57 per share of Cascade common stock. Based on this deemed value per share to Cascade shareholders and assuming an aggregate of 76,263,275 shares of Cascade common stock outstanding and 3,374,147 in-the-money options outstanding with a weighted average exercise price of \$4.80 per share, the aggregate merger consideration to holders of Cascade common stock and options was approximately \$586.3 million on November 15, 2016.

	First Interstate / Cascade Merger
Transaction Price to:	
Book Value	157.3%
Tangible Book Value	214.1%
Core Deposit Premium	11.6%
Last Twelve Months (LTM) Earnings Per Share (EPS)	32.2x
Current Year (16) Estimated EPS	32.6x
Next Year (17) Estimated EPS	18.6x
Two Years Out (18) Estimated EPS	17.5x
One-Day (November 15, 2016) Market Premium	9.3%

Stock Trading History. Piper Jaffray reviewed the history of the publicly reported trading prices of Cascade common stock and First Interstate Class A common stock for the periods of one year and three years, respectively, ended November 15, 2016. Piper Jaffray then compared the relationship between the movements in the price of Cascade common stock and First Interstate Class A common stock, respectively, to movements in their respective peer groups (as described on pages [] and [], respectively) as well as certain stock indices.

Cascade's One-Year Stock Performance

	Beginning Index Value November 13, 2015	Ending Index Value November 15, 2016
Cascade	100%	117.3%
Cascade Peer Group	100%	119.9%
S&P 500 Index	100%	107.8%
NASDAQ Bank Index	100%	120.2%

Cascade's Three-Year Stock Performance

	Beginning Index Value November 15, 2013	Ending Index Value November 15, 2016
Cascade	100%	137.8%
Cascade Peer Group	100%	154.2%

S&P 500 Index	100%	121.3%
NASDAQ Bank Index	100%	142.0%

First Interstate's One-Year Stock Performance

	Beginning Index Value November 13, 2015	Ending Index Value November 15, 2016
First Interstate	100%	132.9%
First Interstate Peer Group	100%	110.1%
S&P 500 Index	100%	107.8%
NASDAQ Bank Index	100%	120.2%

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	Beginning Index Value November 15, 2013	Ending Index Value November 15, 2016
First Interstate	100%	147.3%
First Interstate Peer Group	100%	138.4%
S&P 500 Index	100%	121.3%
NASDAQ Bank Index	100%	142.0%

Selected Companies Analysis. Using publicly available information, Piper Jaffray compared the financial performance, financial condition and market performance of Cascade to the 17 selected publicly traded banks and bank holding companies, listed on NASDAQ or NYSE, with assets between \$2.0 billion and \$8.0 billion and headquartered in CA, CO, HI, OR and WA, which we refer to in this document as the Cascade Peer Group. The companies included in the Cascade Peer Group were:

Company	Ticker	State
Opus Bank	OPB	CA
HomeStreet, Inc.	HMST	WA
Central Pacific Financial Corp.	CPF	HI
Westamerica Bancorporation	WABC	CA
National Bank Holdings Corporation	NBHC	CO
TriCo Bancshares	TCBK	CA
Hanmi Financial Corporation	HAFC	CA
Heritage Financial Corporation	HFWA	WA
Pacific Premier Bancorp, Inc.	PPBI	CA
First Foundation Inc.	FFWM	CA
CoBiz Financial Inc.	COBZ	CO
Guaranty Bancorp	GBNK	CO
Preferred Bank	PFBC	CA
CU Bancorp	CUNB	CA
Pacific Continental Corporation	PCBK	OR
Heritage Commerce Corp	HTBK	CA
Bank of Marin Bancorp	BMRC	CA

To perform this analysis, Piper Jaffray used financial information as of the period ended September 30, 2016. Market price information was as of November 15, 2016. Earnings estimates for 2016 through 2018 for Cascade were provided by Cascade management. Earnings estimates for 2016 through 2018 for other selected companies were I/B/E/S Street estimates taken from SNL Financial, a nationally recognized earnings estimate consolidator.

	Cascade	Cascade Group Minimum	Cascade Group Median	Cascade Group Mean	Cascade Group Maximum
Stock Price / Tangible Book Value per Share	195.8%	119.8%	184.5%	194.6%	356.7%
Stock Price / Last Twelve Months EPS	29.4x	10.2x	18.7x	18.7x	26.1x
Stock Price / 2016 Est. EPS	29.8x	9.3x	17.7x	18.3x	26.3x
Stock Price / 2017 Est. EPS	17.0x	9.5x	16.3x	16.6x	26.5x

Stock Price / 2018 Est. EPS	16.0x	8.5x	14.8x	15.2x	26.8x
Premium / Core Deposits	9.8%	3.0%	10.5%	11.2%	24.6%

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Piper Jaffray's analysis showed the following concerning the selected public companies for Cascade's financial performance:

	Cascade	Cascade Group Minimum	Cascade Group Median	Cascade Group Mean	Cascade Group Maximum
Total Assets (\$mil)	3,175	2,055	3,755	4,068	7,709
Return on Average Assets	0.59%	0.35%	1.02%	0.98%	1.34%
Return on Average Tangible Equity	6.8%	3.7%	11.1%	10.8%	15.2%
Tangible Common Equity / Tangible Assets	8.8%	7.7%	9.0%	9.2%	12.0%
Leverage Ratio	8.4%	8.1%	10.1%	10.1%	12.4%
Tier 1 Capital Ratio	10.4%	9.2%	11.7%	12.2%	14.6%
Total Capital Ratio	11.4%	11.7%	14.2%	13.8%	15.9%
Loans / Deposits	75.4%	29.4%	83.6%	83.5%	107.2%
Non-Interest Bearing Deposits / Deposits	34.5%	14.3%	32.7%	33.7%	55.9%
Non-Performing Assets (NPAs) / Assets	0.4%	0.0%	0.7%	0.7%	1.2%
Loan Loss Reserve / Gross Loans	1.2%	0.5%	1.1%	1.1%	1.9%
NPAs / Loans + Other Real Estate Owned (OREO)	0.7%	0.1%	1.1%	1.0%	1.8%
LTM Net Charge-offs / Average Loans	(0.03%)	(0.16%)	0.07%	0.13%	0.90%
LTM Fee Income / Revenue Ratio	23.2%	4.8%	17.3%	19.2%	66.8%
Net Interest Margin	3.53%	3.17%	3.76%	3.79%	4.44%
Efficiency Ratio	70.8%	39.3%	58.4%	59.4%	77.9%

Using publicly available information, Piper Jaffray compared the financial performance, financial condition and market performance of First Interstate to the 12 selected publicly traded banks and bank holding companies, listed on NASDAQ or NYSE, with assets between \$5.0 billion and \$15.0 billion and headquartered in CA, HI, MT and WA, which we refer to in this document as the First Interstate Peer Group. The companies included in the First Interstate Peer Group were:

Company	Ticker	State
Washington Federal, Inc.	WAFD	WA
Cathay General Bancorp	CATY	CA
Hope Bancorp, Inc.	HOPE	CA
Banc of California, Inc.	BANC	CA
Banner Corporation	BANR	WA
Columbia Banking System, Inc.	COLB	WA
Glacier Bancorp, Inc.	GBCI	MT
CVB Financial Corp.	CVBF	CA
Opus Bank	OPB	CA
HomeStreet, Inc.	HMST	WA
Central Pacific Financial Corp.	CPF	HI
Westamerica Bancorporation	WABC	CA

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To perform this analysis, Piper Jaffray used financial information as of the period ended September 30, 2016. Market price information was as of November 15, 2016. Earnings estimates for 2016 through 2018 for First Interstate were taken from publicly available research reports, provided by First Interstate management. Earnings estimates for 2016 through 2018 for other selected companies were I/B/E/S Street estimates taken from SNL Financial, a nationally recognized earnings estimate consolidator.

	First Interstate	First Interstate Group Minimum	First Interstate Group Median	First Interstate Group Mean	First Interstate Group Maximum
Stock Price / Tangible Book Value per Share	225.0%	113.6%	183.7%	199.3%	356.7%
Stock Price / Last Twelve Months EPS	18.2x	8.4x	19.0x	18.7x	26.1x
Stock Price / 2016 Est. EPS	17.7x	8.0x	18.5x	18.1x	26.3x
Stock Price / 2017 Est. EPS	16.5x	7.7x	16.5x	16.5x	26.5x
Stock Price / 2018 Est. EPS	15.5x	7.0x	15.8x	15.5x	26.8x
Premium / Core Deposits	14.0%	(2.7%)	14.7%	13.4%	24.6%

Piper Jaffray's analysis showed the following concerning the selected public companies for First Interstate's financial performance:

	First Interstate	First Interstate Group Minimum	First Interstate Group Median	First Interstate Group Mean	First Interstate Group Maximum
Total Assets (\$mil)	8,974	5,307	9,452	9,589	14,888
Return on Average Assets	1.09%	0.67%	1.11%	1.07%	1.32%
Return on Average Tangible Equity	13.1%	6.9%	12.0%	11.3%	15.2%
Tangible Common Equity / Tangible Assets	8.7%	5.8%	10.0%	9.6%	11.5%
Leverage Ratio	10.2%	8.1%	11.0%	10.5%	13.0%
Tier 1 Capital Ratio	13.6%	9.2%	12.7%	12.9%	17.1%
Total Capital Ratio	14.9%	12.2%	13.4%	14.1%	18.3%
Loans / Deposits	75.4%	29.4%	87.2%	83.2%	104.2%
Non-Interest Bearing Deposits / Deposits	26.8%	10.3%	26.8%	29.7%	57.9%
NPAs / Assets	1.1%	0.3%	0.6%	0.7%	1.4%
Loan Loss Reserve / Gross Loans	1.5%	0.5%	1.1%	1.2%	2.3%
NPAs / Loans + Oreo	1.8%	0.6%	1.0%	1.1%	3.2%
LTM Net Charge-offs / Average Loans	0.10%	(0.14%)	0.02%	0.07%	0.70%
LTM Fee Income / Revenue Ratio	30.1%	7.1%	19.3%	22.5%	66.8%
Net Interest Margin	3.54%	3.11%	3.49%	3.60%	4.15%
Efficiency Ratio	59.9%	44.0%	53.2%	57.2%	77.9%

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Comparable Transaction Analysis. Piper Jaffray reviewed certain publicly available information related to 15 selected acquisitions of banks and bank holding companies with headquarters in the U.S. announced after January 1, 2014, where the transaction value was publicly available and the acquired company had total assets between \$2.0 billion and \$8.0 billion. The transactions included in the group were:

Acquiror

United Bankshares Inc.
 F.N.B. Corp.
 First Midwest Bancorp, Inc.
 People's United Financial Inc.
 Chemical Financial Corp.
 BBCN Bancorp Inc.
 Capital Bank Finl Corp
 MB Financial Inc.
 Bank of the Ozarks Inc.
 Yadkin Financial Corporation
 F.N.B. Corp.
 Sterling Bancorp
 Banner Corp.
 Ford Financial Fund II L.P.
 Yadkin Financial Corporation

Acquiree

Cardinal Financial Corporation
 Yadkin Financial Corporation
 Standard Bancshares, Inc.
 Suffolk Bancorp
 Talmer Bancorp, Inc.
 Wilshire Bancorp, Inc.
 CommunityOne Bancorp
 American Chartered Bancorp, Inc.
 Community & Southern Holdings, Inc.
 NewBridge Bancorp
 Metro Bancorp, Inc.
 Hudson Valley Holding Corp.
 Starbuck Bancshares, Inc.
 Mechanics Bank
 VantageSouth Bancshares, Inc.

Transaction multiples for the merger were derived from a merger price of \$7.57 per share for Cascade common stock based on First Interstate Class A common stock closing price on November 15, 2016 of \$38.05. For each precedent transaction, Piper Jaffray derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

book value per share of the acquired company based on the latest financial statements of the acquired company publicly available before the announcement of the acquisition;

tangible book value per share of the acquired company based on the latest financial statements of the acquired company publicly available before the announcement of the acquisition;

tangible equity premium to core deposits (total deposits less jumbo time deposits and brokered deposits) based on the financial statements of the acquired company publicly available before the announcement of the acquisition;

the last twelve months earnings per share based on the financial statements of the acquired company publicly available before the announcement of the acquisition;

the estimated current year and next year earnings per share of the acquired company based on time of announcement; and

one-day premium to market price of the acquired company before the announcement of the transaction. The results of the analysis are set forth in the following table:

Transaction Price to:	First Interstate / Cascade Merger	Comparable Transactions Minimum	Comparable Transactions Median	Comparable Transactions Mean	Comparable Transactions Maximum
Book Value	157.3%	126.3%	172.4%	167.2%	218.8%
Tangible Book Value	214.1%	131.1%	187.9%	182.5%	231.7%
Core Deposit Premium	11.6%	5.2%	9.6%	11.9%	22.9%
LTM Earnings Per Share	32.2x	2.1x	21.0x	20.5x	37.5x
Current Year Earnings Per Share	32.6x	13.1x	19.5x	19.6x	32.0x
Next Year Earnings Per Share	18.6x	11.8x	16.6x	18.4x	34.9x
One-Day Market Premium	9.3%	0.7%	10.4%	19.5%	61.9%

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Discounted Cash Flow Analysis. Piper Jaffray performed an analysis that estimated the net present value per share of Cascade common stock assuming Cascade performed in accordance with internal financial projections for Cascade for the years ending December 31, 2016 through December 31, 2020 as well as an estimated earnings growth rate for the two years thereafter, as provided by the management of Cascade.

To approximate the terminal value of Cascade common stock at December 31, 2022, Piper Jaffray applied price to earnings multiples of 11.0x to 15.0x. The terminal values were then discounted to present values using discount rates ranging from 9.0% to 13.0% when applied to 2022 earnings multiples, which were selected to reflect different assumptions regarding potential desired rates of return of holders or prospective buyers of Cascade common stock. As illustrated in the following tables, the analysis indicates an imputed range of values per share of Cascade common stock of \$4.62 to \$6.90 when applying multiples of earnings.

Discount Rate	Earnings Multiples				
	(Value shown is a per share valuation)				
	11.0x	12.0x	13.0x	14.0x	15.0x
9.0%	\$ 5.41	\$ 5.78	\$ 6.16	\$ 6.53	\$ 6.90
10.0%	\$ 5.20	\$ 5.55	\$ 5.91	\$ 6.26	\$ 6.62
11.0%	\$ 4.99	\$ 5.33	\$ 5.67	\$ 6.01	\$ 6.35
12.0%	\$ 4.80	\$ 5.12	\$ 5.45	\$ 5.77	\$ 6.09
13.0%	\$ 4.62	\$ 4.92	\$ 5.23	\$ 5.54	\$ 5.85

Piper Jaffray also considered how this analysis would be affected by changes in certain of the underlying assumptions, including variations with respect to net income. To illustrate this effect, Piper Jaffray performed a similar analysis assuming Cascade's net income varied from 25.0% above projections to 25.0% below projections. This analysis resulted in the following range of per share values for Cascade common stock, applying the transaction price to 2022 earnings multiples range of 11.0x to 15.0x referred to above and using a discount rate of 10.5%.

Annual Variance to Earning Estimates	Earnings Multiples				
	(Value shown is a per share valuation)				
	11.0x	12.0x	13.0x	14.0x	15.0x
25.0%	\$ 6.50	\$ 6.93	\$ 7.36	\$ 7.80	\$ 8.23
20.0%	\$ 6.22	\$ 6.63	\$ 7.05	\$ 7.46	\$ 7.88
15.0%	\$ 5.94	\$ 6.33	\$ 6.73	\$ 7.13	\$ 7.53
10.0%	\$ 5.66	\$ 6.04	\$ 6.42	\$ 6.80	\$ 7.18
5.0%	\$ 5.38	\$ 5.74	\$ 6.10	\$ 6.47	\$ 6.83
0.0%	\$ 5.10	\$ 5.44	\$ 5.79	\$ 6.14	\$ 6.48
(5.0%)	\$ 4.82	\$ 5.15	\$ 5.48	\$ 5.80	\$ 6.13
(10.0%)	\$ 4.54	\$ 4.85	\$ 5.16	\$ 5.47	\$ 5.78
(15.0%)	\$ 4.26	\$ 4.55	\$ 4.85	\$ 5.14	\$ 5.44
(20.0%)	\$ 3.98	\$ 4.25	\$ 4.53	\$ 4.81	\$ 5.09
(25.0%)	\$ 3.70	\$ 3.96	\$ 4.22	\$ 4.48	\$ 4.74

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Piper Jaffray also performed an analysis that estimated the net present value per share of First Interstate Class A common stock assuming that First Interstate performed in accordance with publicly available consensus mean analyst earnings estimates through December 31, 2020, as well as the mean consensus estimate growth rate for the two years thereafter, with the approval of the management of Cascade. To approximate the terminal value of First Interstate Class A common stock at December 31, 2022, Piper Jaffray applied price to earnings multiples ranging from 11.0x to 16.0x. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0% when applied to 2022 earnings, which were chosen to reflect different assumptions regarding required rates of return holders or prospective buyers of First Interstate Class A common stock. As illustrated in the following table, the analysis indicates an imputed range of values per share of First Interstate Class A common stock of \$28.00 to \$44.18 when applying these earnings multiples.

Discount Rate	Earnings Multiples (Value shown is a per share valuation)					
	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
9.0%	\$ 32.85	\$ 35.12	\$ 37.38	\$ 39.65	\$ 41.92	\$ 44.18
10.0%	\$ 31.54	\$ 33.70	\$ 35.86	\$ 38.03	\$ 40.19	\$ 42.35
11.0%	\$ 30.30	\$ 32.36	\$ 34.43	\$ 36.49	\$ 38.55	\$ 40.62
12.0%	\$ 29.12	\$ 31.09	\$ 33.06	\$ 35.03	\$ 37.01	\$ 38.98
13.0%	\$ 28.00	\$ 29.89	\$ 31.77	\$ 33.65	\$ 35.54	\$ 37.42

Piper Jaffray also considered how this analysis would be affected by changes in certain of the underlying assumptions, including variations with respect to net income. To illustrate this impact, Piper Jaffray performed a similar analysis assuming First Interstate's net income varied from 25.0% above estimates to 25.0% below estimates. This analysis resulted in the following range of per share values for First Interstate Class A common stock, using price to earnings multiples of 11.0x to 16.0x and a discount rate of 11.2%.

Annual Variance to Earning Estimates	Earnings Multiples (Value shown is a per share valuation)					
	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
25.0%	\$ 38.24	\$ 40.79	\$ 43.34	\$ 45.90	\$ 48.45	\$ 51.00
20.0%	\$ 36.60	\$ 39.05	\$ 41.50	\$ 43.95	\$ 46.40	\$ 48.85
15.0%	\$ 34.95	\$ 37.30	\$ 39.65	\$ 42.00	\$ 44.35	\$ 46.70
10.0%	\$ 33.31	\$ 35.56	\$ 37.80	\$ 40.05	\$ 42.30	\$ 44.54
5.0%	\$ 31.67	\$ 33.81	\$ 35.96	\$ 38.10	\$ 40.25	\$ 42.39
0.0%	\$ 30.02	\$ 32.07	\$ 34.11	\$ 36.15	\$ 38.20	\$ 40.24
(5.0%)	\$ 28.38	\$ 30.32	\$ 32.26	\$ 34.20	\$ 36.14	\$ 38.09
(10.0%)	\$ 26.74	\$ 28.58	\$ 30.42	\$ 32.25	\$ 34.09	\$ 35.93
(15.0%)	\$ 25.09	\$ 26.83	\$ 28.57	\$ 30.31	\$ 32.04	\$ 33.78
(20.0%)	\$ 23.45	\$ 25.09	\$ 26.72	\$ 28.36	\$ 29.99	\$ 31.63
(25.0%)	\$ 21.81	\$ 23.34	\$ 24.87	\$ 26.41	\$ 27.94	\$ 29.47

In connection with its analyses, Piper Jaffray considered and discussed with Cascade's management how the discounted cash flow analyses would be affected by changes in the underlying assumptions. Piper Jaffray noted that the discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results are not necessarily indicative of actual values or future results.

Financial Impact Analysis. Piper Jaffray analyzed certain potential pro forma effects of the merger, based on the following assumptions: (1) the merger is completed in the second calendar quarter of 2017; (2) 100% of the outstanding shares of Cascade common stock are converted into the right to receive 0.14864 shares of First Interstate Class A common stock, plus \$1.91 in cash; and (3) cash is paid to option and restricted stock unit holders and holders of restricted stock awards receive merger consideration pursuant to the merger agreement. Piper Jaffray also incorporated certain assumptions as provided by First Interstate's management, including

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certain pro forma assumptions relating to the Synergies. The analysis indicated that the merger (excluding transaction expenses) could be dilutive to First Interstate's estimated tangible book value per share at the completion of the merger and accretive to First Interstate's estimated earnings per share beginning in 2017.

In addition, Piper Jaffray analyzed certain potential pro forma effects of the transaction on First Interstate's capital ratios given the same assumptions set forth above. These analyses indicated that as of September 30, 2016, the transaction would result in First Interstate's regulatory capital ratios exceeding the minimum regulatory guidelines for well-capitalized status.

In connection with its pro forma analyses, Piper Jaffray considered and discussed with Cascade's management how the analyses would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and that the variations may be material.

Piper Jaffray's Compensation and Other Relationships with Cascade. Cascade and Piper Jaffray entered into an engagement letter dated October 14, 2016 relating to the services to be provided by Piper Jaffray in connection with the merger. Pursuant to the engagement letter, Cascade agreed to pay Piper Jaffray (a) a non-refundable retainer of \$50,000, which will be credited against the transaction fee; (b) a fee of \$500,000 upon the delivery to Cascade's board of directors of the written Piper Jaffray opinion, which fee will be credited against the transaction fee; and (c) contingent upon the completion of the merger, a transaction fee equal to 1.0% of aggregate transaction value. Cascade also agreed to reimburse Piper Jaffray for reasonable out-of-pocket expenses and disbursements incurred in connection with its engagement. Cascade has also agreed to indemnify Piper Jaffray against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Other than Piper Jaffray's engagement by Cascade in connection with the merger, Piper Jaffray or the lead banker on its current deal team acted as financial advisor to Cascade in connection with (1) its April 2016 acquisition of Prime Pacific Financial Services, Inc., (2) its May 2014 acquisition of Home Federal Bancorp and its (3) March 2016 acquisition of certain branches from Bank of America, N.A. In the ordinary course of Piper Jaffray's business as a broker-dealer, Piper Jaffray may, from time to time, purchase securities from and sell securities to Cascade, First Interstate or their affiliates. Piper Jaffray may also actively trade the equity securities of Cascade, First Interstate or their affiliates for its own account and for the accounts of its customers.

First Interstate's Reasons for the Merger

First Interstate's board of directors believes that the merger is in the best interests of First Interstate and its shareholders. In deciding to approve the merger and the merger agreement, First Interstate's board of directors considered a number of factors, including:

Cascade's community banking orientation, its favorable reputation within its local communities and its compatibility with First Interstate and its subsidiaries;

First Interstate management's review of the business, operations, earnings and financial condition, including asset quality, of Cascade;

the scale, scope, strength and diversity of operations, product lines and delivery systems that could be achieved by combining First Interstate and Cascade;

the benefits to the combined organization of the geographic diversity that would accompany First Interstate's expansion into new markets in Oregon, Idaho and Washington and the attractive demographics of such markets;

First Interstate's historic performance in similar markets;

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the expectation that the merger will create the opportunity for the combined company to have superior future earnings and prospects compared to First Interstate's earnings and prospects on a stand-alone basis;

First Interstate's successful track record of creating shareholder value through merger and acquisition transactions, including its proven experience in successfully integrating acquired businesses, and management's belief that First Interstate will be able to integrate Cascade with First Interstate successfully;

that the merger will result in a combined company with total consolidated assets of more than \$10 billion, the costs associated with passing that asset threshold and the related work that management of First Interstate has done to prepare for the enhanced requirements relating to being a \$10 billion institution;

the historical and current market prices of First Interstate Class A common stock and Cascade common stock;

the financial analysis presentation of Barclays and the opinion of Barclays rendered to First Interstate's board of directors to the effect that, as of November 16, 2016, 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 (as more fully described above in the section entitled *Opinion of First Interstate's Financial Advisor*);

the review by First Interstate's board of directors with its management and legal advisors of the structure and other terms of the merger and the expectation of First Interstate's legal advisors that the merger will qualify as a transaction of a type that is generally tax-free to Cascade shareholders for U.S. federal income tax purposes (except with respect to cash received in exchange for their shares of Cascade common stock);

that First Interstate's management team will remain intact following the merger and that First Interstate's board of directors will be increased to accommodate the addition of two current members of Cascade's board of directors;

the complementary nature of the business, market areas and corporate cultures of First Interstate and Cascade;

that the combined company will have an attractive commercial and community banking franchise;

First Interstate's expectation that it will achieve cost savings equal to 28% of Cascade's current annualized non-interest expenses;

that the transaction is expected to be accretive to its earnings per share;

the pro forma financial effects of the proposed transaction, including the expected dilution to tangible book value per share; and

the likelihood of regulators approving the merger without burdensome conditions or delay.

First Interstate's board of directors also considered a number of potential risks and uncertainties associated with the merger in connection with its deliberation of the merger, including, without limitation, the following:

the potential risk of diverting management attention and resources from the operation of First Interstate's business and towards the completion of the merger;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Cascade's business, operations and workforce with those of First Interstate;

the transaction-related restructuring charges and other merger-related costs, including the payments and other benefits to be received by Cascade management;

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the risk that the conditions to the parties' obligations to complete the merger agreement may not be satisfied, including the risk that necessary regulatory or shareholder approvals might not be obtained and, as a result, the merger may not be consummated; and

the other risks described in this document under the heading *Risk Factors*.

The foregoing discussion of the information and factors considered by First Interstate's board of directors is not intended to be exhaustive, but includes the material factors considered by First Interstate's board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, First Interstate's board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. First Interstate's board of directors considered all these factors as a whole, including discussions with, and questioning of First Interstate's management and independent financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

Recommendation of First Interstate's Board of Directors

First Interstate's board of directors has unanimously approved the merger agreement and the merger and unanimously recommends that First Interstate shareholders vote FOR the merger agreement.

Opinion of First Interstate's Financial Advisor

First Interstate engaged Barclays to act as its financial advisor with respect to a possible purchase of Cascade, pursuant to an engagement letter dated October 13, 2016. On November 16, 2016, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to First Interstate's board of directors 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. The following is a summary of Barclays' opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

Barclays' opinion, the issuance of which was approved by Barclays' Fairness Opinion Committee, is addressed to the board of directors of First Interstate, addresses only the fairness, from a financial point of view, of the merger consideration to be paid by First Interstate in the proposed merger and does not constitute a recommendation to any shareholder of First Interstate as to how such shareholder should vote with respect to the proposed merger or any other matter. The terms of the proposed merger were determined through arm's-length negotiations between First Interstate and Cascade and were unanimously approved by the board of directors of First Interstate and of Cascade. Barclays did not recommend any specific form of consideration to First Interstate or that any specific form of consideration constituted the only appropriate consideration for the proposed merger. Barclays was not requested to address, and its opinion does not in any manner address, First Interstate's underlying business decision to proceed with or effect the proposed merger, the likelihood of the consummation of the proposed merger, or the relative merits of the proposed merger as compared to any other transaction or business strategy in which First Interstate may engage. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the proposed merger to, or any consideration received in connection with the proposed merger by, the holders of any class of securities or

the amount or the nature of any compensation to any officers, directors or employees of any parties to the proposed merger, or any other class of persons, relative to the consideration to be paid in the proposed merger or otherwise. No limitations were imposed by First Interstate's board of directors upon Barclays with respect to the investigations made or procedures followed by it in rendering its opinion.

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In arriving at its opinion, Barclays, among other things:

reviewed and analyzed a draft of the merger agreement, dated as of November 17, 2016, that was provided to Barclays on November 16, 2016, and the specific terms of the proposed merger;

reviewed and analyzed publicly available information concerning First Interstate and Cascade that Barclays believed to be relevant to its analysis, including First Interstate's and Cascade's respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2015 and Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2016 and September 30, 2016;

reviewed and analyzed published estimates by third party equity research analysts with respect to the future financial performance of First Interstate and adjusted by management of First Interstate (as so adjusted, the First Interstate Research Estimates) and generally available third party data regarding certain third party securities held and certificates of deposit owed by Cascade;

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of Cascade furnished to Barclays by First Interstate, including financial projections of Cascade prepared by management of Cascade, which we refer to in this document as the Cascade Financial Projections, and reviewed and adjusted by management of First Interstate, which as so adjusted, we refer to in this document as the First Interstate Cascade Projections, both of which are summarized below in the section titled Unaudited Prospective Financial Information;

reviewed and analyzed certain financial and operating information with respect to the business, operations and prospects of First Interstate, including a presentation of the First Interstate Research Estimates on a pro forma basis giving effect to the proposed merger prepared by management of First Interstate based on the First Interstate Research Estimates and the Cascade Financial Projections, which we refer to in this document as the Pro Forma Estimates;

reviewed and analyzed the trading history of shares of First Interstate Class A common stock from November 11, 2015 to November 11, 2016 and a trading history of Cascade common stock from November 11, 2015 to November 11, 2016;

reviewed and analyzed a comparison of the historical financial results and present financial condition of First Interstate and Cascade with those of other companies that Barclays deemed relevant;

reviewed and analyzed a comparison of the financial terms of the proposed merger with the financial terms of certain other recent transactions that Barclays deemed relevant;

reviewed and analyzed the pro forma impact of the proposed merger on the future financial performance of the combined company, including cost savings, operating synergies and other financial implications expected by the management of First Interstate to result from a combination of the businesses, which we refer to in this document collectively as the Expected Synergies;

had discussions with the management of First Interstate concerning First Interstate's and Cascade's businesses, operations, assets, liabilities, financial condition and prospects; and

undertook such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and did not assume responsibility or liability for any independent verification of such information). Barclays also relied upon the assurances of management of First Interstate that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the First Interstate Research Estimates, upon the advice and at the instruction of First Interstate, Barclays assumed that such estimates were a reasonable basis upon which to evaluate the future financial performance of First Interstate and that First Interstate would perform in accordance with such estimates, and upon the advice and at the instruction of First Interstate, Barclays relied on such estimates in performing its analysis and arriving at its opinion. With respect to the Cascade

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Financial Projections, upon the advice and at the instruction of First Interstate, Barclays assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Cascade as to the future financial performance of Cascade and, upon the advice and at the instruction of First Interstate, Barclays assumed that the First Interstate Cascade Projections were a reasonable basis upon which to evaluate the future financial performance of Cascade and that Cascade would perform in accordance with such projections. Furthermore, upon the advice and at the instruction of First Interstate, Barclays assumed that the amounts and timing of the Expected Synergies were reasonable and that the Expected Synergies would be realized in accordance with such estimates. With respect to the Pro Forma Estimates, upon the advice and at the instruction of First Interstate, Barclays assumed that such estimates were a reasonable basis upon which to evaluate the future financial performance of First Interstate on a pro forma basis after giving effect to the proposed merger, that the pro forma adjustments to the First Interstate Research Estimates were appropriate and that the pro forma company would perform in accordance with such Pro Forma Estimates. Barclays assumed no responsibility for and it expressed no view as to any such projections, synergies or estimates or the assumptions on which they are based. In addition, Barclays is not an expert in the evaluation of loan portfolios or assessing the adequacy of the allowances for losses with respect thereto. Barclays made no analyses of, and expressed no opinion as to, such loan portfolios, First Interstate's review of such portfolios or Cascade's allowances for loan losses and, upon the advice and at the instruction of First Interstate, Barclays assumed that the respective current allowances for loan losses and capital of First Interstate and Cascade will be, in each case and in the aggregate, including on a pro forma basis, adequate to cover all such losses. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of First Interstate or Cascade and did not make or obtain any evaluations or appraisals of the assets or liabilities of First Interstate or Cascade, including with respect to their loan portfolios. Barclays' opinion necessarily is based upon market, economic and other conditions as they existed on and could be evaluated as of November 16, 2016, the date of the opinion. Barclays assumes no responsibility for updating or revising its opinion based on events or circumstances that might occur after the date of its opinion. Barclays expresses no opinion as to the prices at which shares of Cascade common stock would trade following the announcement of the proposed merger or shares of First Interstate Class A common stock would trade following the announcement or consummation of the proposed merger.

Barclays assumed that the executed merger agreement would conform in all material respects to the last draft reviewed by Barclays. In addition, Barclays assumed the accuracy of the representations and warranties contained in the merger agreement and all the agreements related thereto. Barclays also assumed, upon the advice of and at the instruction of First Interstate, that all material governmental, regulatory and third party approvals, consents and releases for the proposed merger would be obtained within the constraints contemplated by the merger agreement and that the proposed merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays did not express any opinion as to the differential voting or other rights between the shares of First Interstate Class A common stock and First Interstate Class B common stock or the potential consequences of the amendments to First Interstate's articles of incorporation contemplated by the Agreement, including any changes to the terms of the shares of First Interstate Class A common stock and First Interstate Class B common stock pursuant to the amendments. Barclays also did not express any opinion as to any tax or other consequences that might result from the proposed merger, nor did Barclays' opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understood First Interstate had obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of First Interstate Class A common stock, to shares of First Interstate Class B common stock or shares of Cascade common stock but rather made its determination as to fairness, from a financial point of view, of the merger consideration to be paid by First Interstate in the proposed merger on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate

and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

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In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to First Interstate's board of directors. Certain financial analyses summarized below include information presented in tabular format. To fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of First Interstate or Cascade. None of First Interstate, Cascade, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

Selected Comparable Company Analysis

To assess how the public market values shares of similar publicly traded companies and to provide a range of relative implied equity values per share of First Interstate Class A common stock and per share of Cascade common stock by reference to those companies, which could then be used to calculate implied exchange ratio ranges, Barclays reviewed and compared specific financial and operating data relating to First Interstate and Cascade with selected companies that Barclays, based on its experience in the financial institutions and banking industry, deemed comparable to First Interstate and Cascade. The selected comparable companies with respect to First Interstate were:

Washington Federal, Inc.

Old National Bancorp

Flagstar Bancorp, Inc.

First Midwest Bancorp, Inc.

Great Western Bancorp, Inc.

Banc of California, Inc.

Banner Corporation

Columbia Banking System, Inc.

Glacier Bancorp, Inc.

Capitol Federal Financial, Inc.

First Financial Bancorp.
Heartland Financial USA, Inc.

CVB Financial Corp.

BofI Holding, Inc.

Opus Bank

Park National Corporation

First Merchants Corporation

HomeStreet, Inc.

First Busey Corporation

1st Source Corporation

Central Pacific Financial Corp.

Westamerica Bancorporation

Barclays calculated and compared various financial multiples and ratios of First Interstate and its selected comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed ratios of current stock prices per share to calendar year 2017 and 2018 estimated earnings per share, which we refer to in this document as EPS and which is commonly referred to as the price earnings ratio, or P/E multiple. Also, as part of its selected

comparable company analysis, Barclays calculated and analyzed ratios of current stock prices per share to September 30, 2016 tangible book value, which we refer to in this document as TBV.

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Finally, as part of its selected comparable company analysis, Barclays calculated and analyzed premiums of current stock prices per share in excess of TBV per share divided by September 30, 2016 core deposits, which we refer to in this document as CDP. All of the calculations for First Interstate were performed with and based on the First Interstate Research Estimates or publicly available historical financials and the trading price of per share of First Interstate Class A common stock. All of the calculations for the selected comparable companies were performed with and based on publicly available financial data as of September 30, 2016 or as of the most recent quarter available and closing prices as of November 11, 2016. The results of this selected comparable company analysis for First Interstate are summarized below:

	2017E P/E Multiple	2018E P/E Multiple	TBV multiple	Core Deposit Premium
Top Quartile	19.1x	17.6x	2.37x	16.6%
Median ⁽¹⁾	16.1x	15.1x	1.98x	12.7%
Bottom Quartile	14.0x	12.5x	1.60x	8.7%

(1) Excludes First Interstate

The selected comparable companies with respect to Cascade were:

TriCo Bancshares

Hanmi Financial Corporation

Heritage Financial Corporation

Pacific Premier Bancorp, Inc.

First Foundation Inc.

Preferred Bank

CU Bancorp

Pacific Continental Corporation

Heritage Commerce Corp

Bank of Marin Bancorp
Heritage Oaks Bancorp

Sierra Bancorp

Territorial Bancorp Inc.

Northrim BanCorp, Inc.

Central Valley Community Bancorp

Provident Financial Holdings, Inc.

Bank of Commerce Holdings

Pacific Mercantile Bancorp

First Financial Northwest, Inc.

Barclays calculated and compared various financial multiples and ratios of Cascade and its selected comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed ratios of current stock price per share to calendar year 2017 estimated EPS. Also, as part of its selected comparable company analysis, Barclays calculated and analyzed ratios of current stock prices per share to September 30, 2016 TBV. Finally, as part of its selected comparable company analysis, Barclays calculated and analyzed premiums of current stock prices per share in excess of TBV per share divided by September 30, 2016 CDPs. All of the calculations for Cascade were performed with and based on the First Interstate Cascade Projections. All of the calculations for the selected comparable companies were performed with and based on publicly available financial data as of September 30, 2016 or as of the most recent quarter available and closing prices as of November 11, 2016. The results of this selected comparable company analysis for Cascade are summarized below:

	2017E P/E	TBV multiple	Core Deposit Premium
	Multiple		
Top Quartile	16.3x	1.86x	10.7%
Median ⁽¹⁾	15.5x	1.63x	8.2%
Bottom Quartile	14.6x	1.34x	5.6%

(1) Excludes Cascade

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Barclays selected the comparable companies listed above because of similarities in one or more business or operating characteristics with First Interstate or Cascade, respectively. However, because of the inherent differences between the business, operations and prospects of First Interstate or Cascade, respectively, and those of their respective selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of First Interstate, Cascade and their respective selected comparable companies that could affect the public trading values of each company's publicly traded stock to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between First Interstate, Cascade and the companies included in the respective selected company analysis.

First Interstate Standalone Valuation. Based upon its professional judgments, Barclays selected a range of calendar year 2017 P/E multiples of 14.0x to 19.1x and calendar year 2018 P/E multiples of 12.5x to 17.6x for First Interstate, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to First Interstate's projected calendar year 2017 and 2018 estimated EPS, as set out in the First Interstate Research Estimates, to calculate a range of implied values per share of First Interstate Class A common stock. These calculations resulted in a range of implied values per share of First Interstate Class A common stock of \$32.56 to \$44.55 based on 2017 P/E multiples, which we refer to in this document as the First Interstate 2017E P/E Range and \$30.75 to \$43.09 based on 2018 P/E multiples, which we refer to in this document as the First Interstate 2018E P/E Range.

Based upon its professional judgments, Barclays also selected a range of TBV multiples of 1.60x to 2.37x for shares of First Interstate Class A common stock, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to First Interstate's September 30, 2016 TBV to calculate a range of implied values per share of First Interstate Class A common stock. These calculations resulted in a range of implied values per share of First Interstate Class A common stock of \$27.03 to \$40.04.

Based upon its professional judgments, Barclays also selected a range of CDPs of 8.7% to 16.6% for shares of First Interstate Class A common stock, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to First Interstate's September 30, 2016 CDPs to calculate a range of implied values per share of First Interstate Class A common stock. These calculations resulted in a range of implied values per share of First Interstate Class A common stock of \$30.18 to \$42.26.

Cascade Standalone Valuation. Based upon its professional judgments, Barclays selected a range of calendar year 2017 P/E multiples of 14.6x to 16.3x for Cascade, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to Cascade's projected calendar year 2017 estimated EPS, as set out in the First Interstate Cascade Projections, to calculate a range of implied values per share of Cascade common stock. These calculations resulted in a range of implied values per share of Cascade common stock of \$5.49 to \$6.16 based on 2017 P/E multiples. Barclays then applied fully-phased in cost savings of approximately \$24.7 million (pre-tax), based on First Interstate's estimates of Cascade's run-rate non-interest expense, which we refer to in this document as the Cost Savings, to such range to calculate a range of implied values per share of Cascade common stock of \$8.56 to \$9.60 based on 2017 P/E multiples, which we refer to in this document as the Cascade 2017E P/E Range with Cost Savings.

Based upon its professional judgments, Barclays also selected a range of TBV multiples of 1.34x to 1.86x for Cascade, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to Cascade's September 30, 2016 TBV to calculate a range of implied values per share of Cascade common stock. These calculations resulted in a range of implied values per share of Cascade common stock of \$4.74 to \$6.58.

Based upon its professional judgments, Barclays also selected a range of CDPs of 5.6% to 10.7% for Cascade, based on the top and bottom quartile of selected comparable companies. Barclays applied this range to

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Cascade's September 30, 2016 CDPs to calculate a range of implied values per share of Cascade common stock. These calculations resulted in a range of implied values per share of Cascade common stock of \$5.48 to \$7.24.

Implied Exchange Ratio. After determining the ranges of implied equity values per share of First Interstate Class A common stock and Cascade common stock calculated using the comparable companies analyses summarized above, Barclays deducted the cash consideration per share of Cascade common stock to calculate ranges of implied exchange ratios. Barclays calculated the low end of the calendar year 2017E P/E implied exchange ratio range by dividing the low end of the Cascade 2017E P/E Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the high end of the First Interstate 2017E P/E Range, and Barclays calculated the high end of the calendar year 2017E P/E implied exchange ratio range by dividing the high end of the Cascade 2017E P/E Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the low end of the First Interstate 2017E P/E Range. These calculations resulted in a range of implied exchange ratios of 0.14935x to 0.23605x. Barclays calculated the low end of the calendar year 2018E P/E exchange ratio range by dividing the low end of the Cascade 2018E P/E Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the high end of the First Interstate 2018E P/E Range, and Barclays calculated the high end of the calendar year 2018E P/E exchange ratio range by dividing the high end of the Cascade 2018E P/E Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the low end of the First Interstate 2018E P/E Range. These calculations resulted in a range of implied exchange ratios of 0.15044x to 0.23782x.

The following summarizes the result of these calculations:

	Range of Implied Exchange Ratios	
	Low	High
Calendar Year 2017E P/E	0.14935x	0.23605x
Calendar Year 2018E P/E	0.15044x	0.23782x

Selected Precedent Transaction Analysis

Barclays reviewed and compared the purchase prices and financial multiples paid in selected recent transactions that Barclays, based on its experience with merger and acquisition transactions, deemed relevant. Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to Cascade with respect to the business strategy and other financial and operating characteristics of their businesses.

The reasons for and the circumstances surrounding each of the selected precedent transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of First Interstate, Cascade and the companies included in the selected precedent transaction analysis. Accordingly, Barclays believed that a purely quantitative selected precedent transaction analysis would not be particularly meaningful in the context of considering the proposed merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected recent precedent transactions and the proposed merger that would affect the acquisition values of the selected target companies and Cascade.

Barclays examined the following community bank transactions:

Announcement Date	Acquiror	Target
4/28/16	Mechanics Bank	California Republic Bancorp
3/9/15	Western Alliance Bancorporation	Bridge Capital Holdings
11/5/14	Banner Corporation	Starbuck Bancshares, Inc.
9/25/14	Ford Financial Fund II, L.P.	Mechanics Bank
10/23/13	Cascade Bancorp	Home Federal Bancorp, Inc.
10/23/13	Heritage Financial Corporation	Washington Banking Company
9/11/13	Umpqua Holdings Corporation	Sterling Financial Corporation

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Based upon its professional judgments, Barclays selected a range of next twelve month, which we refer to in this document as NTM, EPS plus Cost Savings multiples of 11.9x to 13.5x for Cascade, based on the top and bottom quartile of selected precedent transactions. Barclays applied this range to Cascade's estimated NTM EPS, as set out in the First Interstate Cascade Projections plus Cost Savings to calculate a range of implied values of Cascade. These calculations resulted in a range of implied values per share of Cascade common stock of \$6.91 to \$7.81.

Based upon its professional judgments, Barclays selected a range of adjusted TBV multiples of 1.81x to 2.13x for Cascade, based on the top and bottom quartile of selected precedent transactions. Barclays applied this range to Cascade's TBV at September 30, 2016, adjusted to exclude capital in excess of an 8% ratio of tangible common equity to tangible assets to calculate a range of implied values of Cascade. These calculations resulted in a range of implied values per share of Cascade common stock of \$6.12 to \$7.15.

Based upon its professional judgments, Barclays selected a range of adjusted CDPs of 7.8% to 14.2% for Cascade, based on the top and bottom quartile of selected precedent transactions. Barclays applied this range to Cascade's CDPs at September 30, 2016 to calculate a range of implied values of Cascade. These calculations resulted in a range of implied values per share of Cascade common stock of \$6.24 to \$8.45.

Dividend Discount Analysis

As a further analysis in estimating the present value of shares of First Interstate Class A common stock and Cascade common stock, Barclays performed a dividend discount analysis of shares of First Interstate Class A common stock and Cascade common stock. A dividend discount analysis is a valuation methodology used to derive a valuation of an entity by adding the estimated dividends expected to be paid to shareholders through a specified forecast period, in this case, December 31, 2021, to the residual value of the entity at the end of the forecast period, which we refer to in this document, as applied to First Interstate for the forecast period ending December 31, 2021, as the terminal value of First Interstate as of December 31, 2021. This sum is then discounted to its present value using a range of selected discount rates. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts to a specified date, in this case, September 30, 2016, by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. In connection with this analysis, Barclays assumed an annual dividend payout of tangible common equity in excess of an 8% ratio of tangible common equity to tangible assets.

First Interstate Standalone Valuation. To calculate the estimated value of First Interstate Class A common stock using the dividend discount analysis method, Barclays added (1) projected dividends on shares of First Interstate Class A common stock through December 31, 2021 based on the First Interstate Research Estimates to (2) the terminal value of First Interstate as of December 31, 2021, and discounted such amount to September 30, 2016 using a range of selected discount rates. The terminal value of First Interstate was estimated by applying a range of terminal value multiples of 14.0x to 17.0x, which was derived by analyzing the results from the First Interstate selected comparable company analysis and applying such range to the First Interstate Research Estimates. The range of cost of equity discount rates of 10.0% to 13.0% was selected based on a capital asset pricing model of companies included in First Interstate's selected comparable company analysis. Barclays then calculated a range of implied prices per share of First Interstate Class A common stock by dividing the value derived from the dividend discount method by the fully diluted number of shares of First Interstate Class A common stock as provided by First Interstate management. These calculations resulted in a range of implied values per share of First Interstate Class A common stock of \$32.40 to \$42.73, which we refer to in this document as the First Interstate DCF Range.

Cascade Standalone Valuation. To calculate the estimated value of Cascade common stock using the dividend discount analysis method, Barclays added (1) projected dividends on shares of Cascade common stock through

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management for Cost Savings and other financial implications of the proposed business combination to (2) the residual value of Cascade at the end of the forecast period, which we refer to in this document as the terminal value of Cascade, as of December 31, 2021 as adjusted by First Interstate management for Cost Savings and other financial implications of the proposed business combination, and discounted such amounts to their present value using a range of selected discount rates. The terminal value of Cascade was estimated by applying a range of terminal value multiples of 14.0x to 16.0x, which was derived by analyzing the results from the Cascade selected comparable company analysis and applying such range to the First Interstate Cascade Projections as adjusted by First Interstate management for Cost Savings and other financial implications of the proposed business combination. The range of cost of equity discount rates of 9.0% to 12.0% was selected based on a capital asset pricing model of companies included in Cascade's selected comparable company analysis. Barclays then calculated a range of implied prices per share of Cascade common stock by dividing the value derived from the dividend discount method by the fully diluted number of shares of Cascade common stock as provided by Cascade management. These calculations resulted in a range of implied equity values per share of Cascade common stock of \$7.11 to 9.07 based on First Interstate Cascade Projections as adjusted by First Interstate management for Cost Savings and other financial implications of the proposed business combination, which we refer to in this document as the Cascade DCF Range with Cost Savings.

Implied Exchange Ratio. Using the ranges of implied values per share of First Interstate Class A common stock and Cascade common stock calculated using the dividend discount method analyses summarized above, Barclays calculated ranges of implied exchange ratios for shares of Cascade common stock. Barclays calculated the low end of the Cascade DCF implied exchange ratio range by dividing the low end of the Cascade DCF Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the high end of the First Interstate DCF Range, and Barclays calculated the high end of the Cascade DCF implied exchange ratio range by dividing the high end of the Cascade DCF Range with Cost Savings, less the amount of cash consideration per share of Cascade common stock, by the low end of the First Interstate DCF Range. These calculations resulted in a range of implied exchange ratios of 0.12169x to 0.22099x.

General

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. First Interstate's board of directors selected Barclays because of its familiarity with First Interstate and its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally.

Barclays is acting as financial advisor to First Interstate in connection with the proposed merger. As compensation for its services in connection with the proposed merger, First Interstate paid Barclays \$1.0 million upon the delivery of Barclays' opinion, which we refer to in this document as the Opinion Fee and that became payable upon the delivery of Barclays' opinion. The Opinion Fee was not contingent upon the conclusion of Barclays' opinion or the consummation of the proposed merger. Additional compensation of \$4.5 million will be payable on completion of the proposed merger against which the amounts paid for the opinion will be credited. In addition, First Interstate has agreed to reimburse Barclays for expenses incurred in connection with the proposed merger and to indemnify Barclays for certain liabilities that may arise out of its engagement by First Interstate and the rendering of Barclays' opinion. Barclays has performed various investment banking and financial services for First Interstate and its affiliates in the past, and it expects to perform such services in the future, and expects to receive customary fees for such services.

In addition, Barclays and its affiliates in the past have provided, currently are providing, or in the future may provide, investment banking services to certain significant shareholders of Cascade, which we refer to in this document as the Sponsors, and certain of their affiliates and portfolio companies and have received or in the

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future may receive customary fees for rendering such services, including (1) having acted or acting as financial advisor to Sponsors and certain of their portfolio companies and affiliates in connection with certain mergers and acquisition transactions; (2) having acted or acting as arranger, bookrunner and/or lender for Sponsors and certain of their portfolio companies and affiliates in connection with the financing for various acquisition transactions; and (3) having acted or acting as underwriter, initial purchaser and placement agent for various equity and debt offerings undertaken by Sponsors and certain of their portfolio companies and affiliates.

Barclays and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of First Interstate and Cascade for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Unaudited Prospective Financial Information

Neither First Interstate nor Cascade as a matter of course makes public projections as to future performance, revenues, earnings or other financial results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, First Interstate and Cascade are each including in this document certain unaudited prospective financial information that was made available to Cascade and its financial advisor or to First Interstate and its financial advisor in connection with the merger. The inclusion of this information should not be regarded as an indication that any of Cascade, First Interstate, Piper Jaffray or Barclays, their respective representatives or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such. First Interstate's management approved the use of the First Interstate Cascade Projections and Cascade's management approved the use of the following unaudited prospective financial information concerning Cascade. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to Cascade's business, all of which are difficult to predict and many of which are beyond each Cascade's control. The unaudited prospective financial information reflects both assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. No assurance can be given that the unaudited prospective financial information and the underlying estimates and assumptions will be realized. In addition, since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial information to be inaccurate include, but are not limited to, risks and uncertainties relating to Cascade's business, industry performance, general business and economic conditions, customer requirements, competition and adverse changes in applicable laws, regulations or rules. For other factors that could cause actual results to differ, please see the sections entitled *Risk Factors* and *Caution About Forward-Looking Statements* beginning on pages [] and [], respectively, of this document.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with generally accepted accounting principles, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions that make it inherently less comparable to the similarly titled generally accepted accounting principles measures in each party's historical generally accepted accounting principles financial statements.

Neither First Interstate s nor Cascade s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained in this document, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

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Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. No assurance can be given that, had the unaudited prospective financial information been prepared either as of the date of the merger agreement or as of the date of this document, similar estimates and assumptions would be used. Neither First Interstate nor Cascade intends to, and each party disclaims any obligation to, make publicly available any update or other revision to the unaudited prospective financial information to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The unaudited prospective financial information does not take into account the possible financial and other effects on either Cascade or First Interstate, as applicable, of the merger and does not attempt to predict or suggest future results of the combined company after giving effect to the merger. The unaudited prospective financial information does not give effect to the merger, including the impact of negotiating or executing the merger agreement, the expenses that may be incurred in connection with completing the merger, the potential synergies that may be achieved by the combined company as a result of the merger, the effect on either Cascade or First Interstate, as applicable, of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions that would likely have been taken if the merger agreement had not been executed, but that were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial information does not take into account the effect on either Cascade or First Interstate, as applicable, of any possible failure of the merger to occur. None of Cascade, First Interstate, Piper Jaffray, Barclays or their respective affiliates, associates, officers, directors, advisors, agents or other representatives has made, makes or is authorized in the future to make any representation to any shareholder of Cascade, shareholder of First Interstate or any other person regarding Cascade's ultimate performance compared to the information contained in the unaudited prospective financial information or that the projected results will be achieved. The inclusion of the unaudited prospective financial information in this document should not be deemed an admission or representation by Cascade or First Interstate that it is viewed as material information, particularly in light of the inherent risks and uncertainties associated with such forecasts. The summary of the unaudited prospective financial information included below is not being included to influence your decision whether to vote for the merger agreement, but is being provided solely because it was made available to Cascade and its financial advisor, and to First Interstate and its financial advisor, in connection with the merger.

In light of the foregoing, and considering that the special meetings of First Interstate's and Cascade's shareholders will be held many months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, shareholders are cautioned not to place unwarranted reliance on such information, and First Interstate and Cascade urge all shareholders to review First Interstate's and Cascade's financial statements and other information contained elsewhere in this document for a description of First Interstate's and Cascade's respective businesses and reported financial results.

The following table presents a summary of the selected Cascade unaudited prospective financial data as prepared by Cascade for the years ending December 31, 2016 through 2020:

	2016	For the year ended December 31,			2020
		2017	2018	2019	
		(Dollars in millions, except per share data)			
Income Statement					
Net Income	\$ 17.3	\$ 31.1	\$ 33.0	\$ 35.6	\$ 39.9
Earnings per Share	0.23	0.41	0.43	0.47	0.52

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Balance Sheet

Assets	3,186.6	3,382.0	3,603.8	3,834.8	4,071.5
Gross Loans	2,137.1	2,367.4	2,615.7	2,872.6	3,141.5
Deposits	2,750.0	2,913.1	3,100.9	3,295.2	3,490.3
Stockholders Equity	373.5	404.5	437.6	473.1	513.1

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The following table presents a summary of the First Interstate Cascade Projections for the years ending December 31, 2016 through 2020:

	2016	For the year ended December 31,			2020
		2017	2018	2019	
		(Dollars in millions, except per share data)			
Income Statement					
Net Income	\$ 17.3	\$ 28.8	\$ 31.4	\$ 34.0	\$ 36.3
Earnings per Share	0.23	0.38	0.41	0.45	0.48
Balance Sheet					
Assets	3,186.6	3,382.0	3,603.7	3,834.7	4,071.5
Gross Loans	2,137.1	2,367.4	2,615.7	2,872.6	3,141.5
Deposits	2,750.0	2,913.1	3,100.9	3,295.2	3,490.3
Stockholders' Equity	373.4	402.2	433.6	467.6	503.9

Cascade Stock Options, Restricted Stock Awards and Restricted Stock Units

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. Assuming a stock price of \$[], which was the closing price of First Interstate Class A common stock on [], 2017, the most recent practicable date before the mailing of this document, the aggregate cash amount payable to the holders of Cascade stock options was \$[].

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. Assuming a stock price of \$[], which was the closing price of First Interstate Class A common stock on [], 2017, the most recent practicable date before the mailing of this document, the aggregate cash amount payable to the holders of Cascade restricted stock units was \$[].

Surrender of Stock Certificates

The conversion of Cascade common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As promptly as practicable after the completion of the merger, but in no event later than ten days thereafter, the exchange agent will mail to Cascade shareholders a letter of transmittal, together with instructions for the exchange of their Cascade common stock certificates for the merger consideration. Until you

surrender your Cascade stock certificates for exchange after completion of the merger, you will not be paid dividends or other distributions declared after the merger with respect to any First Interstate Class A common stock into which your Cascade shares have been converted. When you surrender your Cascade stock certificates accompanied by a properly completed letter of transmittal, First Interstate will pay any unpaid dividends or other distributions, without interest, that had become payable with respect to the shares of First Interstate Class A common stock into which your Cascade shares had been converted.

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If you own shares of Cascade common stock in street name through a broker, bank or other nominee, you should receive or seek instructions from the broker, bank or other nominee holding your shares concerning how to surrender your shares of Cascade common stock in exchange for the merger consideration.

If your Cascade stock certificates have been lost, stolen or destroyed, you will have to provide an affidavit claiming your Cascade stock certificates to be lost, stolen or destroyed, and, if required by First Interstate, post a bond in such amount as the exchange agent may direct before you receive any consideration for your shares.

After the completion of the merger, there will be no further transfers of Cascade common stock. Cascade stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

Accounting Treatment

First Interstate will account for the merger under the acquisition method of accounting according to U.S. generally accepted accounting principles. Using the acquisition method of accounting, the assets (including identifiable intangible assets) and liabilities of Cascade will be recorded by First Interstate at their respective fair values at the time of the completion of the merger. The excess of First Interstate's purchase price over the net fair value of the assets acquired and liabilities assumed will then be recorded as goodwill.

Material U.S. Federal Income Tax Consequence of the Merger

General. The following summary discusses the material anticipated U.S. federal income tax consequence of the merger applicable to a holder of shares of Cascade common stock who surrenders all of his or her common stock for shares of First Interstate Class A common stock and cash in the merger. This discussion is based upon the Internal Revenue Code, Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service, which we refer in this document as the IRS, and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. residents and citizens who hold their shares as capital assets for U.S. federal income tax purposes within the meaning of Section 1221 of the Internal Revenue Code (generally, assets held for investment). No attempt has been made to comment on all U.S. federal income tax consequences of the merger and related transactions that may be relevant to holders of shares of Cascade common stock. This discussion also does not address all of the tax consequences that may be relevant to a particular person or the tax consequences that may be relevant to persons subject to special treatment under U.S. federal income tax laws (including, among others, tax-exempt organizations, dealers in securities or foreign currencies, banks, insurance companies, financial institutions or persons who hold their shares of Cascade common stock as part of a hedge, straddle, constructive sale or conversion transaction, persons whose functional currency is not the U.S. dollar, persons that are, or hold their shares of Cascade common stock through, partnerships or other pass-through entities, or persons who acquired their shares of Cascade common stock through the exercise of an employee stock option or otherwise as compensation). In addition, this discussion does not address the alternative minimum tax, the unearned income Medicare contribution tax on net investment income or any aspects of state, local, non-U.S. taxation or U.S. federal taxation other than income taxation. No ruling has been requested from the IRS regarding the U.S. federal income tax consequences of the merger. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Cascade common stock that is, for U.S. federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation, or entity treated as a corporation for U.S. federal income tax purposes, organized in or under the laws of the United States or

any state thereof or the District of Columbia, (3) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) such trust was in existence on

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August 20, 1996, was treated as a U.S. person under the Internal Revenue Code on the previous day and made a valid election to be treated as a U.S. person for U.S. federal income tax purposes or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes is a holder of Cascade common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes that is a holder of Cascade common stock, and any partners in such partnership, should consult their own independent tax advisors regarding the tax consequences of the merger to their specific circumstances.

Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation and on factors that are not within First Interstate's or Cascade's control. You should consult your own independent tax advisor as to the specific tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign and other tax laws and of changes in those laws.

Opinion Conditions. It is a condition to the obligations of First Interstate and Cascade that they each receive an opinion from their respective legal counsel to the effect that the merger will constitute a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code, and that each of First Interstate and Cascade will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. First Interstate and Cascade expect to be able to obtain the tax opinion if, as expected:

First Interstate and Cascade are able to deliver customary representations to their respective legal counsel;
and

there is no adverse change in U.S. federal income tax law.

Although the merger agreement allows both First Interstate and Cascade to waive the condition that a tax opinion be delivered, neither party currently anticipates doing so.

In addition, in connection with the filing of the registration statement of which this document forms a part, Luse Gorman and Hunton has each delivered its opinion to First Interstate and Cascade, respectively, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and confirming the tax discussion under *Description of the Merger Material U.S. Federal Income Tax Consequence of the Merger*. Copies of these opinions have been filed as exhibits to the registration statement. Such opinions have been rendered on the basis of facts, representations and assumptions set forth or referred to in such opinions and factual representations contained in certificates of officers of First Interstate and Cascade, all of which must continue to be true and accurate in all material respects as of the effective time of the merger. The opinions of Luse Gorman and Hunton are not binding on the IRS or any court.

If any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected. The determination by tax counsel as to whether the proposed merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code will depend upon the facts and law existing at the effective time of the proposed merger. The following discussion assumes that the merger will constitute a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code.

Tax Consequences to U.S. Holders. The following is a discussion of the material U.S. federal income tax consequence of the merger to U.S. holders of Cascade common stock. If you are a U.S. 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

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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 First Interstate Class A common stock, which will be treated as discussed below);

the aggregate tax basis of the First Interstate Class A common stock that you receive in the merger (including, for this purpose, any fractional shares deemed received and redeemed for cash as described below) will equal your aggregate adjusted tax basis in the shares of Cascade common stock you surrender in the merger, decreased by the amount of cash you receive in the merger (excluding any cash received instead of a fractional share of First Interstate Class A common stock), and increased by the amount of gain you recognize on the exchange (including any portion of the gain that is classified as capital gain or dividend income and excluding any gain recognized as a result of cash received instead of a fractional shares of First Interstate Class A common stock, all as described below); and

the holding period for the shares of First Interstate Class A common stock that you receive in the merger (including any fractional share deemed received and redeemed for cash as described below) will include your holding period of the shares of Cascade common stock that you surrender in the merger.

If you acquired different blocks of Cascade common stock at different times or at different prices, the First Interstate Class A common stock you receive will be allocated pro rata to each block of Cascade common stock, and the basis and holding period of each block of First Interstate Class A common stock you receive will be determined on a block-for-block basis depending on the basis and holding period of the blocks of Cascade common stock exchanged for such block of First Interstate Class A common stock.

Gain that you recognize in connection with the merger generally will constitute capital gain and will constitute long-term capital gain if you have held your Cascade common stock for more than one year as of the date of the merger. Long-term capital gains of certain non-corporate holders of Cascade common stock, including individuals, are generally taxed at preferential rates. In some cases, if a holder actually or constructively owns First Interstate Class A common stock other than First Interstate Class A common stock received pursuant to the merger, the recognized gain could be treated as having the effect of a distribution of a dividend under the tests set forth in Section 302 of the Internal Revenue Code, in which case such gain would be treated as dividend income. Because the possibility of dividend treatment depends upon each holder's particular circumstances, including the application of constructive ownership rules, you should consult your tax advisor regarding the application of the foregoing rules to your particular circumstances.

If you receive cash instead of a fractional share of First Interstate Class A common stock, you generally will be treated as having received such fractional share of First Interstate Class A common stock pursuant to the merger and then as having sold such fractional share of First Interstate Class A common stock for cash. As a result, you generally will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in your fractional share of First Interstate Class A common stock as set forth above. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such fractional share (including the holding period of shares of Cascade common stock surrendered therefor) exceeds one year. Long-term capital gains of certain non-corporate holders of Cascade common stock, including individuals, are generally taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Backup Withholding. Unless an exemption applies under the backup withholding rules of Section 3406 of the Internal Revenue Code, the exchange agent will be required to, and will, withhold 28% of any cash payments to which a Cascade shareholder is entitled pursuant to the merger, unless the Cascade shareholder signs the substitute IRS Form

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W-9 enclosed with the letter of transmittal sent by the exchange agent. Unless an applicable exemption exists and is proved in a manner satisfactory to the exchange agent, this completed form provides the information, including the Cascade shareholder's taxpayer identification number, and certification necessary to avoid backup withholding. Any amounts withheld under the backup withholding rules are not additional tax and

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will be allowed as a refund or credit against your U.S. Federal income tax liability, provided you timely furnish the required information to the IRS.

Tax Treatment of the Entities. No gain or loss will be recognized by First Interstate or Cascade as a result of the merger.

Reporting Requirements. A holder of Cascade common stock that receives First Interstate Class A common stock as a result of the merger will be required to retain certain records pertaining to the merger. Each holder of Cascade common stock who is required to file a U.S. tax return and who is a significant holder that receives First Interstate Class A common stock in the merger will be required to file a statement with the holder's U.S. federal income tax return setting forth such holder's tax basis in the Cascade common stock surrendered and the fair market value of the First Interstate Class A common stock and cash received in the merger. A significant holder is a holder of Cascade common stock who, immediately before the merger, owned at least 5% of the outstanding stock of Cascade.

Regulatory Matters Relating to the Merger

Completion of the merger is subject to the receipt of all approvals required to complete the transactions contemplated by the merger agreement from: (1) the Federal Reserve Board; (2) the Federal Deposit Insurance Corporation; (3) the Montana Division; (4) the Oregon Division; and (5) any other regulatory approval the failure of which to obtain would reasonably be expected to have a material adverse effect on the surviving corporation (which First Interstate and Cascade currently expect to be none), and the expiration of any applicable statutory waiting periods. In obtaining these approvals, First Interstate is not required, and Cascade and Cascade Bank are not permitted (without First Interstate's consent), to take any action, or commit to take any action, or agree to any condition, restriction, prohibition, limitation or requirement that would prohibit or materially limit the ownership or operation of the business or assets of Cascade, materially limit the business conducted by First Interstate or First Interstate Bank or compel either Cascade or First Interstate to dispose of or hold separate any material portion of the business or assets of Cascade or would reasonably be expected to have a material and adverse effect on First Interstate, the combined company and their respective subsidiaries, as a whole (measured on a scale relative to Cascade and its subsidiaries, taken as a whole), or on Cascade and Cascade Bank, taken as a whole, in each case after giving effect to the merger, which we refer to in this document as a materially burdensome regulatory condition. Subject to the terms and conditions of the merger agreement, First Interstate and Cascade have agreed to use their reasonable best efforts and cooperate to promptly prepare and file all necessary documentation, to obtain as promptly as practicable all regulatory approvals necessary or advisable to complete the transactions contemplated by the merger agreement, and to comply with the terms and conditions of all such approvals.

Federal Reserve Board. The merger and the bank merger are subject to approval by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended, and the Bank Merger Act, respectively. In January 2017, First Interstate submitted applications seeking the prior approval of the Federal Reserve Board for First Interstate to acquire and merge Cascade with and into First Interstate, with First Interstate as the surviving entity, thereby acquiring Cascade Bank, and immediately following that merger, to merge Cascade Bank with and into First Interstate Bank.

The Federal Reserve Board takes into consideration a number of factors when acting on applications under the Bank Merger Act and the Bank Holding Company Act, including: (1) the financial and managerial resources and the effect of the proposed merger on these resources (including capital and pro forma capital ratios of the combined organization, the management expertise, internal controls, and risk management systems, especially those with respect to compliance with laws applicable to consumers and fair lending laws); (2) the effect of the proposal on competition; (3) the future prospects of the existing and merged entities; (4) the convenience and needs of the communities served; (5) any risk to the stability of the United States banking or financial system; and (6) the effectiveness of the acquiring

entity in combating money laundering activities. The Federal Reserve

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Board also reviews the records of the relevant insured depository institutions under the Community Reinvestment Act of 1997, which we refer to in this document as the CRA. In connection with such a review, the Federal Reserve Board will provide an opportunity for public comment on the application and is authorized to hold a public meeting or other proceeding if it determines such meeting or other proceeding would be appropriate.

In addition, a period of 15 to 30 days must expire following approval by the Federal Reserve Board before completion of the merger is allowed, within which period the United States Department of Justice may file objections to the merger under the federal anti-trust laws. While First Interstate and Cascade believe that the likelihood of objection by the Department of Justice is remote in this case, there can be no assurance that the Department of Justice will not initiate proceedings to block the merger.

Federal Deposit Insurance Corporation. The merger and the bank merger are also conditioned on receiving the written consent of the Federal Deposit Insurance Corporation under the shared-loss agreements between Cascade Bank and the Federal Deposit Insurance Corporation, unless such shared-loss agreements are terminated prior to the completion of the merger, to ensure that there will be no adverse change in loss coverage by reason of the completion of the mergers, which consent must be reasonably satisfactory to First Interstate. First Interstate submitted a request for the FDIC's consent on [], 2017.

Montana Division. Prior approval of the bank merger is required from the Montana Division. The Division requires a thirty-day public comment period on a bank merger application and may consider any comments received and other factors in considering the bank merger. First Interstate filed its application for approval of the bank merger with the Montana Division on [], 2017.

Oregon Division. The bank merger is subject to the approval of the Oregon Division under the Oregon Bank Act. To approve the bank merger, the Oregon Division must find that, among other things, the bank merger conforms with the provisions of the Oregon Bank Act, will not be detrimental to the safety and soundness of the resulting bank, is not contrary to the public's interest and that the state or federal supervisory authority that has jurisdiction over the resulting bank permits the transaction. First Interstate filed its application for approval of the bank merger with the Oregon Division on [], 2017.

Additional Regulatory Approvals and Notices. Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations. The bank merger will result in First Interstate's entry into the States of Washington and Idaho. Accordingly, First Interstate submitted notices to the Washington State Department of Financial Institutions and the Idaho Department of Finance on [], 2017.

The merger cannot proceed in the absence of the requisite regulatory approvals. See *Description of the Merger Conditions to Completing the Merger* and *Description of the Merger Termination*. The requisite regulatory approvals may not be obtained or may take longer than expected. In addition, the requisite regulatory approvals may contain a condition or requirement that constitutes a materially burdensome regulatory condition that causes a condition to the completion of the merger not to be satisfied, as described under *Description of the Merger Conditions to Completing the Merger*.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the merger consideration for holders of Cascade common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Interests of Cascade's Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors of Cascade to approve and adopt the merger agreement, you should be aware that Cascade's directors and executive officers have financial interests in the

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merger that are different from, or in addition to, the interests of Cascade shareholders generally, which are described below. Cascade's board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement.

Treatment of Stock Options

The merger agreement provides that all options to purchase Cascade common stock outstanding at the effective time of the merger, whether or not vested, will be cancelled and, subject to First Interstate's receipt of an option surrender agreement, the holder will be entitled to receive a lump sum 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 value of the merger consideration exceeds the exercise price of such stock 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 price per share of First Interstate Class A common stock for the 20 consecutive trading days ending on the fifth day preceding the closing date of the merger. If the exercise price of a Cascade stock option is equal to or greater than the merger consideration, such option will be cancelled at the effective time of the merger for no consideration.

Treatment of Restricted Stock Awards

The merger agreement provides that at the effective time of the merger, each unvested share of restricted stock issued by Cascade and outstanding at the effective time of the merger will fully vest and convert into the right to receive the same merger consideration that all other shares of Cascade common stock are entitled to receive in the merger.

Treatment of Restricted Stock Units

The merger agreement provides that all restricted stock units outstanding at the effective time of the merger, whether or not vested, will be cancelled and, subject to First Interstate's receipt of a restricted stock unit surrender agreement, the holder will be entitled to receive a lump sum 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 value of the merger consideration, less required tax withholding. The merger consideration is the sum of the cash consideration and the product of the exchange ratio times the average closing price per share of First Interstate common stock for the 20 consecutive trading days ending on the fifth day preceding the closing date of the merger. Cascade's named executive officers and non-employee directors do not hold any unvested Cascade restricted stock units.

Stock Options and Restricted Stock Awards Held by Cascade's Executive Officers and Directors

For an estimate of the amounts that would be payable to each of Cascade's named executive officers on settlement of their unvested Cascade equity awards, see *Merger-Related Executive Compensation for Cascade's Named Executive Officers* below. Cascade's non-employee directors do not hold any unvested Cascade stock options or restricted stock awards. For information about the payments to be made with respect to Cascade's outstanding equity awards, see *Cascade Stock Options, Restricted Stock Awards and Restricted Stock Units* beginning on page [].

Payments Under Employment Agreements With Cascade

Cascade and Cascade Bank previously entered into employment agreements with Messrs. Zink, Newton, Reeves and Lee and Ms. Biss. The employment agreements provide that in the event of an involuntary termination of employment without cause (as defined in each executive's agreement) or voluntary termination by the executive for good reason (as defined in each executive's agreement) within 12 months before or 18 months after a change in control (as defined in

each executive's agreement), the executive will receive an amount equal

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to 2.99 times their base salary plus their annual cash incentive in effect for the year in which the change in control occurs, which we refer to in this document as the Change in Control Payment. The aggregate amount of the Change in Control Payments is estimated to be \$5,809,933. The Change in Control Payments may be reduced, however, if the executive is initially determined to be subject to excise taxes under the Internal Revenue Code but would be better economically on a net-after tax basis by reducing the Change in Control Payments to avoid being subject to the excise tax. For an estimate of the amounts that would be payable to each of Cascade's named executive officers under their employment agreements, see *Merger-Related Executive Compensation for Cascade's Named Executive Officers* below. In addition, all outstanding unvested restricted stock and stock options will fully vest upon termination and Cascade (or its successor) will provide certain employment benefits for 18 months following the date of termination.

2017 Executive Incentive Program

Messrs. Zink, Newton, Reeves and Lee and Ms. Biss are participants in the 2017 Annual Executive Incentive Program, which provides the executives an opportunity to earn a performance-based annual cash bonus. Target annual bonus opportunities were established based on the executive's level of responsibility and his or her ability to impact overall results and are expressed as a percentage of base salary and are awarded as a percentage of target. Under the merger agreement, Cascade has the right to pay pro-rated annual bonus awards in respect of the 2017 fiscal year on the closing date for the period from January 1, 2017 through the closing date of the merger. Achievement level and calculated bonus amounts will be pro-rated for the portion of the 2017 fiscal year before the closing date. For an estimate of the amounts that would be payable to Messrs. Zink, Newton, Reeves and Lee and Ms. Biss in connection with the merger if the closing date were to occur on January 20, 2017, see *Merger-Related Executive Compensation for Cascade's Named Executive Officers* below.

Stipulation Agreements With First Interstate and Cascade

In connection with the merger agreement, First Interstate, First Interstate Bank, Cascade and Cascade Bank entered into stipulation agreements with Messrs. Zink, Newton, Reeves and Lee and Ms. Biss that sets forth the methodology to calculate the cash severance payable pursuant to the terms of the individual's employment agreements. For an estimate of the amounts that would be payable to Messrs. Zink, Newton, Reeves and Lee and Ms. Biss under their stipulation agreements, see *Merger-Related Executive Compensation for Cascade's Named Executive Officers* below.

Continued Employment by the Combined Company

Upon the completion of the merger, Cascade's named executive officers are not expected to be retained by the combined company. However, during the merger negotiations, First Interstate informed Cascade that it is interested in retaining Mr. Reeves, Executive Vice President and Chief Operating Officer of Cascade and President and Chief Operating Officer of Cascade Bank, and employing him as Chief Banking Officer West of First Interstate Bank. As a result, Mr. Reeves and First Interstate may enter into new compensatory agreements or arrangements.

Treatment of Supplemental Executive Retirement Plans

Cascade and Cascade Bank previously entered into a supplemental executive retirement plan with each of Mr. Newton and Ms. Biss. Mr. Newton and Ms. Biss are eligible for normal retirement benefits upon separation from service except in the case of a termination for cause (as defined in the agreement). The annual benefit payable to Mr. Newton is \$77,150 and the annual benefit payable to Ms. Biss is \$94,250. Commencing on the first anniversary after payments begin, benefits are increased annually by 2.5%. Benefits are payable monthly for 20 years. If the participant dies during active employment, the benefit is payable to the participant's beneficiary beginning on the first day of the fourth month after death. The agreements include non-competition and non-solicitation provisions that result in forfeiture

(and repayment, if applicable) of all benefits if the participant

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competes with Cascade Bank or violates non-solicitation requirements during employment or within 18 months following termination of employment. Mr. Newton and Ms. Biss are not entitled to any additional benefits under these agreements in connection with the merger.

Appointment of Two Directors to First Interstate's Board of Directors

The merger agreement provides that at or immediately following the effective time of the merger, two members of Cascade's board of directors will be appointed to First Interstate's board of directors.

Payments under Director Agreements

Each of Messrs. Andres and Patrick are party to a director emeritus agreement, which provides for a benefit of \$18,000 per year for a minimum of 10 years. The benefit will be paid in monthly installments from the earlier of such director's normal retirement date or the completion of the merger until the later of the director's death or 120 months. The annual benefit payments are subject to a 2.5% annual increase. Messrs. Andres, Johnson, Patrick and Wells are parties to Deferred Fee Agreements, with interest credited annually at a rate of 4.32%. Following the completion of the merger, if any of Messrs. Andres, Johnson, Patrick or Wells is not continuing as a director of First Interstate, then such person will receive a distribution of their accumulated deferrals, plus accrued interest and earnings, to be paid in a lump sum within 30 days after the termination of their service with Cascade.

Indemnification and Insurance of Directors and Officers

In the merger agreement, First Interstate has agreed to indemnify, hold harmless and advances expenses to the current and former officers and directors of Cascade and its subsidiaries against any costs, expenses, judgments, fines, amounts paid in settlements, damages and other liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether arising before or after the effective time of the merger, pertaining to any matter that existed or occurred at or before the effective time of the merger to the same extent as Cascade currently provides for indemnification of its officers and directors. First Interstate has also agreed to maintain in effect for a period of six years following the effective time of the merger the directors' and officers' liability insurance policy currently maintained by Cascade or to provide a policy with comparable coverage, provided that, to obtain such insurance coverage, First Interstate is not obligated to expend, in the aggregate, an amount exceeding 250% of the amount of the annual premiums currently paid by Cascade for such insurance.

Table of Contents*Merger-Related Executive Compensation for Cascade's Named Executive Officers*

The following table sets forth the estimated potential severance benefits to Cascade's named executive officers on termination of employment in connection with a change in control and assumes that the effective time of the merger will be [], 2017, the last practicable date prior to the date of these materials. If the merger closes after [], 2017, then the estimated payment in connection with a change of control listed below will change as some of the stock options and restricted stock awards will have vested without regard to the change of control and cash payments may change because of the right to pro-rated bonuses and the requirements to reduce severance under the employment agreements if an executive is initially determined to be subject to excise taxes imposed under the Internal Revenue Code. This table does not include the value of benefits in which the named executive officers are vested without regard to the occurrence of a change in control. The amounts shown below are estimates based on multiple assumptions that may or may not actually occur, and as a result, the actual amounts to be received by a named executive officer may differ materially from the amounts shown below.

Executive	Cash (\$)⁽¹⁾	Equity (\$)⁽²⁾	Perquisites/ Benefits (\$)⁽³⁾	Total (\$)
Terry E. Zink	2,114,874	4,735,481	27,197	6,877,552
Gregory D. Newton	943,432	1,823,281	11,751	2,778,464
Charles N. Reeves	927,783	1,864,452	29,829	2,822,064
Daniel J. Lee	943,077	972,172	22,576	1,937,825
Peggy Biss	880,767	1,184,499	22,297	2,087,563

- (1) In connection with the merger agreement, each of the named executive officers entered into a stipulation agreement that sets forth the methodology to calculate the cash severance payable pursuant to the terms of the named executive officer's employment agreements. Under the stipulation and employment agreements, the named executive officers are entitled to a lump-sum cash payment, which represents an amount equal to 2.99 times their base salary and annual cash incentive, provided the executive's employment is involuntarily terminated without cause or voluntarily for good reason within 12 months before or 18 months following the effective time of the merger estimated to be \$2,631,200, \$1,094,063, \$1,192,263, \$1,018,842 and \$975,488 respectively for Messrs. Zink, Newton, Reeves and Lee and Ms. Biss. In addition, the named executive officers are entitled to a pro-rated bonus for 2017, and the estimated bonus, which is included in the above cash payments in the table, is \$18,082, \$6,222, \$6,781, \$5,795 and \$5,548, respectively, for Messrs. Zink, Newton, Reeves, Lee and Ms. Biss, respectively. The cash severance amounts payable under this column are considered a "double trigger" benefit since they are only payable upon a change in control of Cascade and termination of employment and the 2017 bonus is a "single trigger." The cash severance payments may be limited if the executive is initially determined to be subject to excise taxes under the Internal Revenue Code but would be better economically on a net-after tax basis by reducing the cash severance payments to avoid being subject to the excise tax, and accordingly, the above cash payments reflect a reduction for Messrs. Zink, Newton, Reeves and Lee and Ms. Biss, respectively, of \$534,408, \$156,853, \$271,261, \$81,560 and \$100,269, respectively.
- (2) Represents the estimated cash payment to be made in exchange for the cancellation of the non-vested stock options and non-vested restricted stock awards held by Cascade's named executive officers at the effective time of the merger. The value of the stock options and restricted stock awards is based on a per share price of Cascade common stock of \$7.15, which is the average closing market price of Cascade common stock over the five business days following the public announcement of the merger. Messrs. Zink, Newton, Reeves and Lee and

Ms. Biss do not hold any unvested restricted stock units. The amounts payable under this column are considered a single trigger benefit since it is payable upon a change in control of Cascade without regard to termination of employment.

- (3) Represents the estimated value of continued medical, disability, life and dental coverage for 18 months, which will be provided at no cost to the executive.

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Employee Matters

Each person who is an employee of Cascade Bank as of the effective time of the merger (whose employment is not specifically terminated as of the merger date) will become an employee of First Interstate Bank and will be eligible to participate in employee benefit plans and compensation opportunities that are substantially comparable to the employee benefit and compensation opportunities that are generally made available to similarly situated employees of First Interstate Bank; provided, however, that any cash incentive compensation payable or earned in the calendar year in which the merger occurs will be pro-rated to reflect the short year. With respect to any First Interstate Bank medical, dental or vision insurance plan, for the first plan year in which such continuing employee is eligible to participate, First Interstate Bank will use commercially reasonable efforts to cause any preexisting condition limitations or eligibility waiting periods to be waived to the extent such limitation would have been waived or satisfied under a Cascade Bank benefit plan in which such continuing employee participated before the merger and credit each continuing employee for any co-payments or deductibles incurred by such continuing employee in such plan year for purposes of any applicable deductible and annual out-of-pocket expense requirements under any such plan.

Continuing employees will receive prior service credit for purposes of eligibility, vesting and level of benefits (for purposes of vacation, paid time off and sick leave policies) provided that such recognition of service will not (1) apply to any First Interstate Bank defined benefit retirement plan or retiree welfare plan, (2) operate to duplicate any benefits with respect to the same period of service, (3) apply for purposes of any plan under which similarly situated employees do not receive credit for prior service or that is grandfathered or frozen, or (4) entitle a continuing employee to be credited with more than 120 hours of vacation, paid time off and sick leave on the closing date of the merger and to rollover more than 80 hours of such paid-time off from one calendar year to a subsequent calendar year.

Each employee of Cascade or Cascade Bank whose employment is involuntarily terminated by First Interstate (other than for cause) within one year following the effective time of the merger and who is not covered by a separate employment agreement, change in control agreement or other agreement that provides for the payment of severance will, upon executing an appropriate release in the form reasonably determined by First Interstate, receive a severance payment in accordance with the terms of Cascade Bank's severance policy. The policy provides a severance formula based on years of service and position, with a minimum payment equal to four weeks for base pay (six weeks for senior vice presidents) and a maximum payment equal to 26 weeks of base pay (36 weeks for senior vice presidents).

For a period of six months following the merger, First Interstate will provide all employees of Cascade Bank whose employment was terminated other than for cause, disability or retirement at or following the merger, job counseling and outplacement assistance services to assist such employees in locating new employment. First Interstate will notify all such employees of opportunities for positions that First Interstate Bank reasonably believes such persons are qualified and will consider any application for such positions submitted by such persons, provided, however, that any decision to offer employment to any such person will be made in the sole discretion of First Interstate Bank. The total costs expended for such job counseling and outplacement assistance services will not exceed \$150,000 in the aggregate.

A retention bonus pool will be established for employees of Cascade Bank other than employees of Cascade who are covered by employment agreements or other contracts providing for severance, as jointly designated by First Interstate and Cascade Bank. The amount and payment date of the retention bonus for each employee will be jointly determined by First Interstate and Cascade.

Operations of Cascade Bank after the Merger

After the merger of Cascade Bank and First Interstate Bank, all of the former offices of Cascade Bank are expected to operate as branch offices of First Interstate Bank under the name First Interstate Bank.

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Restrictions on Resale of Shares of First Interstate Class A Common Stock

The shares of First Interstate Class A common stock to be issued to shareholders of Cascade under the merger agreement will be registered under the Securities Act and may be freely traded by such shareholders without restriction (unless they are affiliates of First Interstate, in which case certain restrictions under the securities laws may apply).

Time of Completion

Unless the parties agree otherwise and unless the merger agreement has otherwise been terminated, the completion of the merger will take place on a date mutually agreed to by the parties within three business days following the date on which all of the conditions to the merger contained in the merger agreement are satisfied or waived. See *Conditions to Completing the Merger*. On the closing date, First Interstate will file articles of merger with the Montana Secretary of State and the Oregon Secretary of State merging Cascade into First Interstate. The merger will become effective at the time stated in the articles of merger.

It is currently expected that the merger will be completed early in the third quarter of 2017. However, because completion of the merger is subject to regulatory approvals and other conditions, the parties cannot be certain of the actual timing.

Conditions to Completing the Merger

First Interstate's and Cascade's obligations to complete the merger are subject to the satisfaction, or, to the extent permitted by law, waiver of several conditions, including:

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

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

First Interstate filing a notice with The Nasdaq Stock Market for the listing of the shares of First Interstate Class A common stock to be issued by First Interstate in the merger, and The Nasdaq Stock Market authorizing and not objecting to the listing of such shares of First Interstate Class A common stock;

receipt of all required regulatory approvals and the expiration of all statutory waiting periods, provided that no regulatory approvals contain a condition, restriction, prohibition, limitation or requirement that has resulted in the imposition of a materially burdensome regulatory condition;

the registration statement of which this document forms a part being declared effective by the SEC and the absence of any pending or threatened proceeding by the SEC to suspend the effectiveness of the registration statement;

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 and no statute, rule, regulation, order, injunction or decree that prohibits or makes illegal completion of any of the transactions contemplated by the merger agreement;

the other party having performed in all material respects its obligations under the merger agreement, the other party's representations and warranties being true and correct as of the date of the merger agreement and as of the closing date (subject to materiality and material adverse effect standards described in the merger agreement) and receipt of a certificate signed by the other party's chief executive officer or chief financial officer to that effect; and

receipt by First Interstate of an opinion from Luse Gorman, and receipt by Cascade of an opinion from Hunton, in each case to the effect that the merger constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

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In addition, First Interstate will not be obligated to consummate the merger if the transfer of any shared loss or loss sharing contract with the Federal Deposit Insurance Corporation contains an adverse modification or amendment or requires a payment by or cost to First Interstate or Cascade.

First Interstate and Cascade cannot guarantee whether all of the conditions to the merger will be satisfied or waived by the party permitted to do so.

Conduct of Business Before the Merger

Cascade has agreed that, until completion of the merger and unless consented to by First Interstate, as contemplated by the merger agreement or as required by law, neither it nor its subsidiaries will:

General Business

fail to conduct its business in the ordinary course consistent with past practice in all material respects;

fail to use reasonable best efforts to maintain and preserve intact its business organization, key employees and advantageous business relationships;

take any action that would reasonably be expected to materially and adversely affect or materially delay the ability to obtain the required regulatory approvals, to perform its obligations under the merger agreement or to consummate the transactions contemplated by the merger agreement on a timely basis;

Indebtedness

incur any indebtedness or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any individual, corporation or other entity, other than the federal funds borrowings and borrowings from the Federal Home Loan Bank and Federal Reserve Bank, in each case with a maturity of less than thirty days, and deposits in the ordinary course of business consistent with past practice;

Capital Stock

adjust, split, combine or reclassify its capital stock;

make, declare or pay any dividends or make any other distribution on its capital stock, except dividends paid by any of Cascade's subsidiaries to Cascade;

redeem, purchase or otherwise acquire any shares of its capital stock or any securities convertible into or exchangeable for shares of its capital stock, except pursuant to the exercise of outstanding stock options or the vesting or settlement of equity awards, in each case in accordance with past

practice and the terms of the applicable award agreement;

grant any equity awards or grant any individual, corporation or other entity any right to acquire any shares of its capital stock;

issue, sell or otherwise permit to become outstanding any additional shares of capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants or other rights to acquire any shares of capital stock, except pursuant to the exercise, vesting or settlement of equity awards outstanding as of the date of the merger agreement in accordance with their respective terms;

Dispositions

sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets other than to its subsidiaries or cancel, release or assign any material indebtedness, other than in the ordinary course of business consistent with past practice;

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Investments

acquire any other person or business or any material assets, deposits or properties of another person or make any material investment, contributions to capital, property transfers or purchase of any property or assets other than of a subsidiary, except for foreclosure or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith or for transactions in the ordinary course of business consistent with past practice not to exceed \$250,000 individually or \$500,000 in the aggregate;

materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, or the manner in which the portfolio is classified or reported or purchase any security rated below investment grade;

Contracts

terminate, materially amend or waive any material provision of any material contract or make any change in any instrument or agreement governing the terms of any of its securities or material lease, other than renewals of material contracts and leases on terms that would not reasonably be expected to have a material adverse effect on Cascade,

enter into any new material contract;

undertake or enter into any lease, contract or other commitment, other than in the normal course of its banking business, involving a payment of more than \$250,000 annually, or containing any financial commitment extending beyond 24 months from the date of the merger agreement;

Benefit Plans

enter into, adopt, terminate or amend any employee benefit or compensation plan, program, policy or arrangement;

increase the compensation or benefits payable to any current or former employee, officer, director or consultant, other than in the ordinary course consistent with past practice;

pay or award, or commit to pay or award, any bonuses or incentive compensation other than in the ordinary course of business consistent with past practice, not to exceed 5.0% of such individual's base salary or wage rate as of the date of the merger agreement, unless such bonus or incentive compensation is consistent with the terms of any pre-existing arrangement; provided that no payment or award will result in an adverse tax consequence under Section 280G of the Internal Revenue Code;

grant or accelerate the vesting of any equity-based awards other than pursuant to the terms of such awards as in effect on the date of the merger agreement;

grant any rights with respect to severance, change in control, retention, or similar compensation;

enter into any new or amend any existing employment, severance, change in control, retention or similar agreement;

fund any rabbi trust or similar arrangement;

terminate the employment or services of any officer or any employee whose annual base salary is greater than \$150,000, other than for cause;

hire any officer, employee, independent contractor or consultant whose annual base salary would be greater than \$150,000;

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Settling Claims

settle any material claim, suit, action or proceeding against it, except in the ordinary course of business and in an amount less than \$250,000 individually or \$500,000 in the aggregate and that would not impose any material restrictions on Cascade's business of any of its subsidiaries or the combined company;

Tax-Free Reorganization

take any action or knowingly fail to take any action that would reasonably be expected to prevent the merger from qualifying as a reorganization under the Internal Revenue Code;

Governing Documents

amend Cascade's or Cascade Bank's articles of incorporation or bylaws;

Merger or Liquidation

merge or consolidate itself or any of its subsidiaries with any other person or restructure, reorganize or completely or partially liquidate or dissolve itself or any of its subsidiaries;

Accounting

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by law or generally accepted accounting principles;

New Lines of Business

enter into any new lines of business;

Policies

change in any material respect its lending, investment, underwriting, risk and asset liability management or other banking and operating, securitization and servicing policies, except as required by applicable law, regulation or policies imposed by any governmental entity;

make any change in its policies and practices outside of the types of changes made in the ordinary course of business consistent with past practice with respect to the extension of credit, or the establishment of loan loss reserves or the charge off of losses incurred; investments; asset/liability management; deposit pricing or gathering; underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to

service, loans; or its hedging practices and policies, in each case except as may be required by such policies and practices or by any applicable laws, regulations, guidelines or policies imposed or recommended in writing by regulators or any governmental entity;

Loans

make any loans or extensions of credit outside of the ordinary course of business consistent with practice or that exceed Cascade's internal lending limits such that the loan or extension of credit would require approval by Cascade's credit policy committee or any similar body; provided that any consent sought from First Interstate must be given within two business days after the relevant loan package is provided;

Capital Expenditures

make, or commit to make, any capital expenditures that exceed by more than 10% in the aggregate the Cascade capital expenditures budget as of the date of the merger agreement;

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Taxes

make, change or revoke any material tax election, change an annual tax accounting period, adopt or change any material tax accounting method, file any amended material tax return, enter into any material closing agreement with respect to taxes, settle any material tax claim, audit, assessment or dispute or surrender any material right to claim a tax refund;

Merger Agreement

take any action that is intended or expected to result in any of the conditions to the merger not being satisfied, except as may be required by applicable law;

Branches

apply for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility, except to the extent required to obtain a regulatory approval of the merger; or

Other Agreements

agree to take, commit to take or adopt any resolutions in support of any of the actions prohibited by the section in the merger agreement governing Cascade's conduct of business until the completion of the merger. First Interstate has agreed that, until the completion of the merger and unless permitted by Cascade, or as expressly contemplated or permitted by the merger agreement or as required by law, it will not:

amend its articles of incorporation or bylaws in a manner that would adversely affect the economic benefits of the merger to Cascade's shareholders or materially change the rights, terms or preferences of First Interstate Class A common stock;

adjust, split, combine or reclassify its capital stock;

take any action that would reasonably be expected to materially and adversely affect or materially delay the ability to obtain any necessary regulatory approvals, to perform its obligations under the merger agreement or to consummate the transactions contemplated by the merger agreement on a timely basis;

make, declare, pay or set aside for payment any dividends or make any other distribution on its capital stock, except for regular quarterly dividends in the ordinary course of business consistent with past practice;

enter into agreements with respect to, or consummate, any mergers or business combinations, or any acquisition of any other person or business without providing prior notice of such transaction to Cascade;

take any action or knowingly fail to take any action that would reasonably be expected prevent the merger from qualifying as a reorganization under the Internal Revenue Code; or

agree to take, commit to take or adopt any resolutions in support of any of the actions prohibited by the section of the merger agreement governing First Interstate's conduct of business until the completion of the merger.

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Covenants of Cascade and First Interstate

Agreement Not to Solicit Other Proposals. Cascade has agreed not to (1) initiate, solicit, knowingly encourage or knowingly facilitate inquiries or proposals regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, an acquisition proposal by a third party, (2) engage or participate in any discussions or negotiations with any person concerning an acquisition proposal by a third party, (3) disclose or provide any confidential or non-public information or data to, or otherwise cooperate in any way with, any person in connection with an acquisition proposal or (4) unless the merger agreement has been terminated, enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to any acquisition proposal (other than a confidentiality agreement permitted by the merger agreement); provided, however, that Cascade and its representatives may contact any person who has made an acquisition proposal or inquiry or proposal solely to seek clarification of the terms and conditions of such proposal. An acquisition proposal means any offer, proposal or inquiry, relating to any third party indication of interest in:

any acquisition or purchase of at least 15% of the consolidated assets of Cascade or the equity or voting securities of Cascade or Cascade Bank;

any tender offer, exchange offer or other acquisition of at least 15% of the equity or voting securities of Cascade or Cascade Bank; or

a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Cascade or Cascade Bank.

Cascade's board of directors may generally participate in negotiations or discussions with, and provide confidential or non-public information or data to, a third party who makes an unsolicited, written, bona fide acquisition proposal before the Cascade shareholder meeting, provided that:

Cascade's board of directors, after consultation with its outside legal counsel, and, with respect to financial matters, its financial advisors, concludes in good faith that failure to take such actions would more likely than not result in a violation of its fiduciary duties under applicable law; and

before furnishing any confidential or non-public information to, or entering into negotiations or discussions with, such person, Cascade must provide First Interstate with written notice and have entered into a confidentiality agreement with such third party on terms no less favorable to Cascade than the confidentiality agreement between First Interstate and Cascade, including no right to negotiate exclusively with the third party.

Cascade must within 24 hours of receipt of any acquisition proposal or inquiry that could reasonably be expected to lead to an acquisition proposal advise First Interstate of the substance of such proposal and the identity of the third party and provide an unredacted copy of the acquisition proposal and any draft agreements, proposals and other materials received in connection with such proposal. Cascade must apprise First Interstate of any related material developments, discussions and negotiations on a reasonably current basis, including any amendments to or revisions of the terms of such inquiry or acquisition proposal (including providing an unredacted copy of such amended or

revised acquisition proposal and any further or revised draft agreements, proposals or other materials received in connection with such inquiry or acquisition proposal).

In certain circumstances, Cascade may terminate the merger agreement before obtaining the Cascade shareholders approval of the merger agreement to enter into an agreement with a third party with respect to an acquisition proposal, but only if Cascade's board of directors has determined in good faith (after consultation with its outside counsel and, with respect to financial matters, its financial advisors) that the failure to take such action would be more likely than not to result in a violation of its fiduciary duties under applicable law and Cascade has not materially breached its obligations under the no solicitation provisions in the merger agreement. In such instance, Cascade would be required to pay First Interstate a termination fee, as further described in the section entitled *Termination Fee* on page [].

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Certain Other Covenants. The merger agreement also contains other agreements relating to the conduct of First Interstate and Cascade before completion of the merger, including the following:

First Interstate will prepare and file a registration statement, of which this document forms a part, with the SEC registering the shares of First Interstate Class A common stock to be issued in the merger to Cascade shareholders;

First Interstate and Cascade will each use its reasonable best efforts to have the registration statement, of which this document forms a part, declared effective by the SEC;

First Interstate will use its reasonable best efforts to obtain all necessary state securities laws permits and approvals in connection with the merger;

First Interstate and Cascade will cooperate with each other and use their reasonable best efforts to prepare and file all necessary applications, notices and other filings with any governmental entity, the approval of which is required to complete the merger and related transactions;

First Interstate and Cascade will use their reasonable best efforts to (1) avoid the entry of, or to have vacated, lifted, reversed or overturned, any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that would restrain, prevent or materially delay the completion of the merger and bank merger, and (2) avoid or eliminate each impediment so as to enable the completion of the merger to occur as soon as possible;

First Interstate and Cascade will provide each other access during normal business hours to its properties, books, contracts, commitments, personnel, information technology systems and records;

each of First Interstate and Cascade will provide each other a copy of each report, schedule, registration statement and other document filed or received by it and all other information concerning its business, properties and personnel as such party may reasonably request;

Cascade will meet with First Interstate on a regular basis to discuss and plan for the conversion of Cascade's data processing and related electronic information systems;

each of First Interstate and Cascade will take all actions necessary to convene a meeting of its shareholders to vote on the merger agreement and any other matters required to be approved or adopted by shareholders to carry out the terms of the merger agreement;

each of the First Interstate and Cascade's board of directors will recommend at their respective shareholder meeting that the shareholders vote to approve and adopt the merger agreement (and in the case of First Interstate, the approval of the amended and restated articles of incorporation of First Interstate) and will use its reasonable best efforts to obtain shareholder approval, and neither party's board of directors may (1) withdraw, modify or qualify in a manner adverse to the other party or make any public statement inconsistent with its recommendation, (2) fail to include its recommendation in this document, (3) fail to publicly, definitively and without qualification reaffirm its recommendation within three business days after the other party's written request or (4) only in the case of Cascade, adopt, approve, recommend or endorse an acquisition proposal or fail to publicly, definitively and without qualification issue a press release recommending against an acquisition proposal, within ten business days after an acquisition proposal is made public, or publicly propose to do any of the foregoing; provided, however, that if, before the adoption and approval of the merger agreement by a party's shareholders, a party's board of directors, after consultation with its outside counsel and, with respect to financial matters, its financial advisor, determines in good faith that it would more likely than not result in a violation of its fiduciary duties under applicable law to continue to recommend the merger agreement (and, in the case of First Interstate, the proposal to approve the amended and restated articles of incorporation of First Interstate) to such party's shareholders (and, if such determination relates to an acquisition proposal to Cascade, Cascade's board of directors has taken into account the expected timing of and regulatory conditions related to such acquisition proposal), then such party's board of directors may change its recommendation to its shareholders but only if (1) that party gives

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the other party at least five business days prior written notice (or, in the case of a subsequent material change, three business days prior written notice) and a reasonable description of the event or circumstances giving rise to its determination (including, in the event such action is taken by the Cascade's board of directors in response to an acquisition proposal, the latest material terms and conditions and the identity of the third party in any such acquisition proposal, or any amendment or modification thereof), (2) during such notice period such party negotiates in good faith with the other party with respect to any proposed revisions to the merger agreement and (3) at the end of such notice period, such party's board of directors takes into account any amendment or modification to the merger agreement proposed in writing by the other party, and after receiving the advice of its outside counsel and, with respect to financial matters, its financial advisors, determines in good faith that it would nevertheless continue to be more likely than not to result in a violation of its fiduciary duties under applicable law to continue to make its recommendation to the shareholders.

First Interstate and Cascade, and each of their respective subsidiaries, will use all reasonable best efforts to take all actions necessary to comply promptly with all legal requirements that may be imposed with respect to the merger, the bank merger and the other transactions contemplated by the merger agreement;

First Interstate and Cascade, and their respective subsidiaries, will use their reasonable best efforts to obtain (and to cooperate with the other party to obtain), all third party consents necessary to consummate the merger, the bank merger and the other transactions contemplated by the merger agreement;

before completion of the merger, First Interstate will notify The Nasdaq Stock Market of the additional shares of First Interstate Class A common stock that First Interstate will issue in exchange for shares of Cascade common stock;

each party will promptly advise the other party of any fact, change or event that (1) has had or is reasonably likely to have a material adverse effect on it or (2) would or would be reasonably likely to cause or constitute a material breach of any of the representations, warranties or covenants contained in the merger agreement or that could reasonably be expected to give rise to the failure of a closing condition in the merger agreement to be satisfied;

Cascade will promptly notify First Interstate of any shareholder litigation against Cascade and/or its directors relating to the transactions contemplated by the merger agreement and give First Interstate the opportunity to participate in the defense or settlement, and no such settlement that provides for a monetary payment to shareholders and not covered by an insurance policy will be agreed to without First Interstate's prior written consent;

First Interstate and Cascade will consult with one another before issuing any press release or otherwise making public statements with respect to the merger and any filings with any governmental entity;

none of First Interstate, Cascade or their respective boards of directors will take any action that would cause any anti-takeover statute to become applicable to the merger or any of the other transactions contemplated by

the merger agreement and each will take all necessary steps to exempt (or ensure the continued exemption of) the merger and the other transactions contemplated by the merger agreement from any applicable anti-takeover statute;

Cascade will cause certain of its non-executive officers to enter into stipulation agreements with First Interstate that set forth the methodology to calculate the cash severance payable pursuant to the terms of the individual s employment agreements;

the boards of directors of each of First Interstate and Cascade will take all steps required to cause any dispositions of Cascade common stock and acquisitions of First Interstate Class A common stock in the merger by persons subject to the reporting requirements of Section 16(a) of the Securities Act to be exempt from liability under the Exchange Act; and

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Cascade will negotiate with the parties to certain outstanding securities purchase agreements to terminate such securities purchase agreements upon the completion of the merger.

Representations and Warranties Made by First Interstate and Cascade

First Interstate and Cascade have made certain customary representations and warranties to each other in the merger agreement relating to their businesses. Certain representations and warranties of First Interstate and Cascade are qualified as to materiality or material adverse effect. The representations and warranties in the merger agreement do not survive the effective time of the merger. For information on these representations and warranties, please refer to the merger agreement attached to this document as Annex A.

Terminating the Agreement and Plan of Merger

The merger agreement may be terminated at any time before the completion of the merger, either before or after approval and adoption of the merger agreement by the First Interstate shareholders or the Cascade shareholders, as follows:

by the written mutual consent of First Interstate and Cascade;

by either party, if a required regulatory approval, consent or waiver is denied or any governmental entity prohibits the consummation of the merger, the bank merger or the transactions contemplated by the merger agreement, unless the failure to obtain a required regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party;

by either party, if the merger is not consummated by November 17, 2017, unless failure to complete the merger by that time is due to a failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party seeking to terminate the merger agreement, provided, further, that if all of the other conditions to closing have been satisfied or waived except for the receipt of regulatory approvals either party 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;

by Cascade, if the board of directors of First Interstate does not recommend approval of the merger agreement or the approval of the amended and restated articles of incorporation of First Interstate in this document or withdraws, modifies or changes its recommendation in a manner adverse to Cascade or if First Interstate breaches its obligations regarding the submission of the merger agreement and the approval of the amended and restated articles of incorporation to First Interstate's shareholders;

by First Interstate, if the board of directors of Cascade does not recommend approval of the merger agreement in this document or withdraws, modifies or changes its recommendation in a manner adverse to First Interstate or if Cascade materially breaches its obligations regarding the solicitation of other acquisition proposals or the submission of the merger agreement to Cascade's shareholders;

by either party, if the shareholders of First Interstate and Cascade fail to approve and adopt the merger agreement (or if the shareholders of First Interstate fail to approve the amended and restated articles of incorporation of First Interstate);

by Cascade, at any time before the adoption and approval of the merger agreement by its shareholders, to enter into an acquisition proposal with a third party, but only if (1) Cascade's board of directors has determined in good faith, after consultation with its outside counsel and, with respect to financial matters, its financial advisors, that failure to take such action would more likely than not result in a violation of its fiduciary duties under applicable law and (2) Cascade has not materially breached its obligations related to acquisition proposals under the merger agreement.

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Termination Fee

The merger agreement requires Cascade to pay First Interstate a fee of \$22.1 million if Cascade terminates the merger agreement to enter into an agreement with respect to an acquisition proposal. Additionally, Cascade must pay the termination fee if First Interstate terminates the merger agreement as a result of a breach by Cascade of its covenants regarding acquisition proposals or its obligation to submit the merger agreement to its shareholders, or if Cascade's board of directors fails to recommend approval of the merger agreement or, after recommending the approval of the merger agreement, it withdraws, modifies or changes its recommendation.

First Interstate must pay to Cascade the \$22.1 million termination fee if Cascade terminates the merger agreement if First Interstate's board of directors fails to recommend approval of the merger agreement and the amended and restated articles of First Interstate in this document or, after recommending the approval of the merger agreement and the amended and restated articles of First Interstate, it withdraws, modifies or changes its recommendation or as a result of a breach in any material respect by First Interstate of its covenants regarding its obligation to submit the merger agreement to its shareholders.

If either party terminates the merger agreement because the merger is not consummated by November 17, 2017 (or six-months later as permitted by the merger agreement), then Cascade must pay the termination fee if (1) an acquisition proposal was made directly to the Cascade shareholders or publicly announced before the Cascade shareholder meeting, (2) Cascade's shareholders fail to approve and adopt the merger agreement and (3) within 12 months after termination of the merger agreement, Cascade consummates or enters into an agreement with respect to an acquisition proposal.

If First Interstate terminates the merger agreement because Cascade breaches a covenant or agreement or if any representation or warranty of Cascade 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 Cascade or if either party terminates the merger agreement because Cascade's shareholders fail to approve and adopt the merger agreement, then Cascade must pay the termination fee if (1) an acquisition proposal was made directly to the Cascade shareholders or publicly announced before the termination of the merger agreement and (2) within 12 months after termination of the merger agreement, Cascade consummates or enters into an agreement with respect to an acquisition proposal (provided that for purposes of this provision references in the definition of acquisition proposal to 15% will instead be 50%).

Expenses

Each of First Interstate and Cascade will pay its own costs and expenses incurred in connection with the merger.

Changing the Terms of the Agreement and Plan of Merger

Before the completion of the merger, First Interstate and Cascade may agree to waive, amend or modify any provision of the merger agreement. However, after the vote by Cascade shareholders or First Interstate shareholders, First Interstate and Cascade can make no amendment or modification that would require approval of its shareholders under applicable law without obtaining that approval.

Voting Agreements

Cascade entered into voting agreements with First Interstate's directors, solely in their capacity as holders of First Interstate common stock, pursuant to which, among other things, they agreed (1) to vote their shares of First Interstate

common stock in favor of the adoption and approval of the merger agreement and the amended and restated articles of incorporation of First Interstate and (2) without the prior written consent of Cascade, not to transfer any of their shares of First Interstate common stock except for certain limited purposes described in the voting agreements. These voting agreements will terminate if the merger agreement is terminated. As of the [Record Date], shares constituting []% of the voting power of First Interstate common stock were subject to the voting agreements.

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In addition, the directors and certain shareholders of Cascade entered into voting agreements with First Interstate, solely in their capacity as holders of Cascade common stock, pursuant to which, among other things, they agreed (1) to vote their shares of Cascade common stock in favor of the adoption and approval of the merger agreement and (2) without the prior written consent of First Interstate, not to transfer any of their shares of Cascade common stock except for certain limited purposes described in the voting agreements. The voting agreements will terminate if the merger agreement is terminated. In addition, if the merger agreement has not been terminated and Cascade's board of directors withdraws, modifies or qualifies or fails to make its recommendation to Cascade shareholders to adopt and approve the merger agreement, then the voting agreements with the Cascade shareholders will terminate unless Cascade and First Interstate agree to require that at least 75% of Cascade's common stock must adopt and approve the merger agreement as a condition to completion of the merger. As of the [Record Date], shares constituting []% of the outstanding shares of Cascade common stock were subject to the voting agreements.

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UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL DATA

The unaudited pro forma combined condensed consolidated financial information has been prepared using the acquisition method of accounting, giving effect to the merger of First Interstate with Cascade. The unaudited pro forma combined condensed consolidated balance sheet combines the historical information of First Interstate and Cascade as of September 30, 2016 and assumes that the merger was completed on that date. The unaudited pro forma combined condensed consolidated income statements combine the historical financial information of First Interstate and Cascade and give effect to the merger as if it had been completed as of the beginning of 2015. The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations or financial condition had the merger been completed on the dates described above, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined entities. The financial information should be read in conjunction with the accompanying Notes to the Unaudited Pro Forma Combined Condensed Consolidated Financial Information. Certain reclassifications have been made to Cascade's historical financial information to conform to First Interstate's presentation of financial information.

The actual value of First Interstate Class A common stock to be recorded as consideration in the merger will be based on the closing price of First Interstate Class A common stock on the date of the merger is completed. The merger is targeted for completion early in the third quarter of 2017. For purposes of the pro forma financial information, the fair value of First Interstate Class A common stock to be issued in connection with the merger was based on First Interstate's average five-day closing stock price of \$41.45 as of January 18, 2017.

The pro forma financial information includes estimated adjustments, including adjustments to record assets and liabilities of Cascade at their respective fair values and represents the pro forma estimates by First Interstate based on available fair value information as of the date of the merger agreement. In some cases, where noted, more recent information has been used to support estimated adjustments in the pro forma financial information.

The pro forma adjustments included in this section are subject to change depending on changes in interest rates and the components of assets and liabilities and as additional information becomes available and additional analyses are performed. The final allocation of the purchase price for the merger will be determined after the merger is completed and after completion of thorough analyses to determine the fair value of Cascade tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets as compared with the information shown in the unaudited pro forma combined condensed consolidated financial information may change the amount of the purchase price allocated to other assets and liabilities and the residual goodwill value, and may impact First Interstate's income statement due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to Cascade's shareholders' equity, including results of operations from September 30, 2016 through the date the merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented in this document.

First Interstate anticipates that the merger will provide the combined company with financial benefits that include reduced operating expenses. The unaudited pro forma combined condensed consolidated 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. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

The unaudited pro forma combined condensed consolidated financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of First Interstate and Cascade, which are incorporated in this document by reference.

Table of Contents**Unaudited Combined Consolidated Pro Forma Statement of Financial Condition****As of September 30, 2016***

(In thousands)

	FIBK Pro Forma Adjustments for Prior			CACB Pro Forma Adjustments for Prior			Pro Forma Adjustments	Pro Forma Combined
	FIBK Historical	FIBK Acquisitions	FIBK Adjusted	CACB Historical	CACB Acquisitions**	CACB Adjusted		
Assets								
Cash and cash equivalents	\$ 701,367	\$	\$ 701,367	\$ 152,360	\$	\$ 152,360	\$(169,299)(1)	\$ 684,428
Investment securities	2,072,273		2,072,273	664,601		664,601	7,805(2)	2,744,679
Federal Home Loan Bank (FHLB) stock				3,270		3,270		3,270
Loans, net	5,449,680		5,449,680	2,043,831	5,221	2,049,052	(8,947)(3)	7,489,786
Other real estate owned	9,447		9,447	1,677		1,677		11,124
Company-owned life insurance	197,070		197,070	56,708		56,708		253,778
Premises and equipment, net of accumulated depreciation	191,064		191,064	50,221		50,221	1,499(4)	242,784
Mortgage servicing rights, net of accumulated amortization and impairment reserve	17,322		17,322	2,246	(2,246)		2,660(5)	19,982
Deferred tax asset, net				46,211	(7,068)	39,143	(16,875)(6)	22,268
Core deposit & other intangibles, net of accumulated amortization	10,546		10,546	12,691	(12,691)		40,616(7)	51,162
Goodwill	212,820		212,820	84,775	(84,775)		336,047(8)	548,867
Accrued interest receivable	31,002		31,002					31,002

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Other assets	81,256	81,256	56,230		56,230	2,100(9)	139,586
Total assets	\$ 8,973,847	\$ 8,973,847	\$ 3,174,821	\$ (101,558)	\$ 3,073,263	\$ 195,605	\$ 12,242,715

**Liabilities and
Stockholders
Equity**

Deposits	\$ 7,328,581	\$ 7,328,581	\$ 2,745,081	\$ (320)	\$ 2,744,761	\$ (734)(10)	\$ 10,072,608
Securities sold under repurchase agreements	476,768	476,768					476,768
Subordinated debentures held by subsidiary trusts	82,477	82,477					82,477
Long-term debt	27,949	27,949					27,949
Deferred tax liability	14,888	14,888					14,888
Accrued expenses and other liabilities	60,680	60,680	62,744		62,744		123,424
Total liabilities	7,991,343	7,991,343	2,807,825	(320)	2,807,505	(734)	10,798,114

Stockholders
Equity:

Preferred stock							
Common stock	293,960	293,960	470,938		470,938	(1,423)(11)	763,475
Retained earnings	679,722	679,722	(106,918)	(101,238)	(208,156)	200,738(11)	672,304
Accumulated other comprehensive income, net	8,822	8,822	2,976		2,976	(2,976)(11)	8,822
Total stockholders equity	982,504	982,504	366,996	(101,238)	265,758	196,339	1,444,601

Total liabilities
and stockholders
equity

	\$ 8,973,847	\$ 8,973,847	\$ 3,174,821	\$ (101,558)	\$ 3,073,263	\$ 195,605	\$ 12,242,715
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Unaudited Combined Condensed Consolidated Pro Forma Statement of Financial Condition

As of September 30, 2016

(Dollars in thousands)

- * Assumes that the acquisition of Cascade was completed as of September 30, 2016 utilizing the acquisition method of accounting. Estimated fair value adjustments for loans, investment securities, core deposit intangibles, deposits and fixed assets were determined by management of First Interstate and Cascade. Actual fair value adjustments, where appropriate, will be determined as of the merger completion date and will be amortized and accreted into income.
- ** This column removes the unamortized purchase accounting adjustments from prior acquisitions by Cascade.
- (1) The adjustment includes \$145,553 of cash consideration paid to acquire Cascade at a stated price of \$1.91 for each share of Cascade common stock outstanding as of the balance sheet date. Additional cash adjustments of \$9,746 and \$14,000 relate to Cascade's cash pay-out of stock options and restricted stock units and acquisition costs, respectively.
- (2) Represents the estimated \$7,805 fair value adjustment to Cascade's investment portfolio.
- (3) The pro forma adjustment of \$8,947 includes an accretable component of \$31,244 and a non- accretable component of \$2,440 offset by the removal of Cascade's pre-existing allowance for loan loss and existing fair value adjustments of \$24,737 which are not carried over.
- (4) Represents a \$1,499 write-up of the premises and equipment based upon fair value estimates.
- (5) Represents a fair value adjustment for Cascade's mortgage servicing assets of \$2,660. The existing Cascade fair value adjustment of \$2,246 is not carried over.
- (6) Represents adjustments in the net deferred tax assets of \$16,875 resulting from the fair value adjustments related to the acquired assets and liabilities, identifiable intangibles and other deferred tax items. The actual tax liability adjustment will depend on facts and circumstances existing at the completion of the merger. The fair value adjustment of the net deferred tax asset and liabilities assumes a tax rate of 37.5%. The existing Cascade deferred tax asset of \$7,068 resulting from fair value adjustments is not carried over.
- (7) Represents the recognition of the fair value of the core deposit intangible asset and other identifiable intangible assets. The core deposits intangible asset approximates 1.5% of core deposit liabilities assumed. Core deposits are

defined as total deposits less time deposits. The existing Cascade fair value adjustments of \$12,691 are not carried over.

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- (8) Calculated to reflect the acquisition accounting adjustments related to the acquisition of Cascade. The consideration to be paid to acquire Cascade consists of the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash for each issued and outstanding share of Cascade common stock. For purposes of this pro forma financial presentation, the number of shares of First Interstate Class A common stock issued as consideration for the acquisition of 11,327,257 was based on the Cascade's outstanding common shares as of September 30, 2016 and the January 18, 2017 prior five-day average closing price of First Interstate's Class A common stock of \$41.45 per share. The acquisition accounting adjustments assume that Cascade's stockholders' equity is eliminated and purchase price, goodwill and intangible assets are reflected on the financial statement of First Interstate pursuant to the application of acquisition accounting. The existing Cascade goodwill of \$84,775 is not carried over.

Assumptions/Inputs

Cash	\$ 155,299
Value of First Interstate common stock to be issued	469,515
Total deal value based on 5-day average close price as of January 18, 2017	624,814
Cascade's net assets:	
Cascade's shareholders' equity, as adjusted	265,758
Incremental Cascade transaction costs, net of tax	(5,115)
Cascade's equity, net of transaction costs	260,643
Fair value adjustments:	
Investment securities	7,805
Loans	(8,947)
Premises and equipment	1,499
Core deposit and other intangible assets	40,616
Other assets (including mortgage servicing rights)	4,760
Time Deposits	(734)
Fair value adjustments	44,999
Tax effect of fair value adjustments; assumed effective rate of 37.5%	(16,875)
Total adjustment of net assets acquired	28,124
Adjusted net assets acquired	288,767
Estimated goodwill	\$ 336,047

The final purchase price and resulting goodwill from the acquisition will vary based on the market price of First Interstate's Class A common stock as of the consummation of the transaction. Management of First Interstate estimates that a 10% fluctuation in the market price of its Class A common stock is reasonably possible based on its average volatility, resulting in the following aggregate purchase price and estimated goodwill:

	Price**	Goodwill
As presented in the pro forma combined results	\$ 624,814	\$ 336,047
10% increase in Class A common stock price	673,887	385,120
10% decrease in Class A common stock price	575,740	286,973

** Purchase price includes the right to receive 0.14864 shares of First Interstate Class A common stock and \$1.91 in cash for each share of Cascade common stock.

(9) Represents a fair value adjustment for a tax benefit receivable attributable to the cash equivalent payout of Cascade stock options and restricted units at closing.

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- (10) Represents a fair value adjustment to deposits to reflect the difference between portfolio yields and market rates for time deposits acquired in the acquisition. Yield adjustments were calculated using present value analysis. Cash flow was discounted to present value using market rates for similar deposits. The yield adjustment is the aggregate present value for the difference. The existing Cascade fair value adjustment of \$320 is not carried over.
- (11) Reflects the elimination of Cascade's stockholders' equity and the issuance of 11,327,257 shares of First Interstate Class A common stock at a price of \$41.45 per share.

Table of Contents**Unaudited Combined Consolidated Pro Forma Statement of Operations****For the Nine Months Ended September 30, 2016(1)**

(In thousands, except for share and per share data)

	FIBK Pro Forma Adjustments for			CACB Pro Forma Adjustments for			Pro Forma	Pro Forma
	FIBK Historical	Prior Acquisitions*	FIBK Adjusted	CACB Historical	Prior Acquisitions*	CACB Adjusted	Adjusted	Combined
Interest income:								
Interest and fees on loans	\$ 191,076	\$ 4,273	\$ 195,349	\$ 57,579	\$ 3,744	\$ 61,323	\$ 5,610(2)	\$ 262,282
Interest and dividends on investment securities	26,455		26,455	11,561		11,561	(757)(2)	37,259
Interest on deposits in banks	1,734		1,734					1,734
Other income	9		9	646		646		655
Total interest income	219,274	4,273	223,547	69,786	3,744	73,530	4,853	301,929
Interest expense:								
Interest on deposits	9,435	142	9,577	1,601	535	2,136	198(2)	11,911
Interest on securities sold under repurchase agreements	282		282					282
Interest on long-term debt	1,357		1,357					1,357
Interest on subordinated debentures held by subsidiary trusts	2,036		2,036					2,036
Other borrowings				26		26		26
Total interest expense	13,110	142	13,252	1,627	535	2,162	198	15,612
Net interest income before (credit) provision for loan losses	206,164	4,132	210,296	68,159	3,209	71,368	4,655	286,318
	8,913		8,913				500(2)	9,413

Provision for loan losses								
Net interest income after provision for loan losses	197,251	4,132	201,383	68,159	3,209	71,368	4,155	276,905
Non-interest income:								
Payment services revenues	25,658		25,658					25,658
Mortgage banking revenues	20,347		20,347					20,347
Wealth management revenues	14,736		14,736					14,736
Service charges on deposit accounts	13,781		13,781	4,887		4,887		18,668
Other service charges, commissions and fees	8,081		8,081					8,081
Investment securities gains, net	312		312					312
Other income	7,049	1,297	8,346	3,077		3,077		11,423
Non-recurring litigation recovery	3,750		3,750					3,750
Card issuer and merchant services fees, net				7,178		7,178		7,178
Earnings on BOLI				941		941		941
Mortgage banking income, net				2,251		2,251		2,251
Swap fee income				1,845		1,845		1,845
SBA gain on sales and fee income				988	1,670	2,658		2,658
Total non-interest income	93,714	1,297	95,011	21,167	1,670	22,837		117,848
Non-interest expense:								
Salaries and employee benefits	98,076		98,076	39,335	(214)	39,121		137,197
Information technology	14,843		14,843	4,137	(2,306)	1,831		16,674

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	FIBK Pro Forma			CACB Pro Forma			Pro Forma Adjustments	Pro Forma Combined
	FIBK Historical	Adjustments for Prior FIBK	FIBK Adjusted	CACB Historical	Adjustments for Prior CACB	CACB Adjusted		
Occupancy and equipment	20,475		20,475	8,495		8,495	38(2)	29,008
OREO expense, net of income	109		109	136		136		245
Professional fees	3,635		3,635	4,340	(458)	3,882		7,517
FDIC insurance premiums	3,668		3,668	1,346		1,346		5,014
Mortgage servicing rights amortization	2,210		2,210				48(2)	2,258
Mortgage servicing rights impairment recovery	(21)		(21)					(21)
Core deposit intangibles amortization	2,529	332	2,861		26	26	3,825(2)	6,711
Acquisition expenses	1,197	(1,197)						
Communications				1,908		1,908		1,908
Card issuer				2,956		2,956		2,956
Insurance				519		519		519
Other expenses	36,740	3,961	40,701	8,901	4,801	13,702		54,403
Total non-interest expense	183,461	3,095	186,556	72,073	1,849	73,922	3,910	264,388
Income before income tax expense	107,504	2,334	109,838	17,253	3,030	20,283	244	130,365
Income tax expense	36,633	875	37,508	6,400	1,136	7,536	92(2)	45,136
Net income	\$ 70,871	\$ 1,459	\$ 72,330	\$ 10,853	\$ 1,894	\$ 12,747	\$ 153	\$ 85,229
Basic earnings per common share	\$ 1.59			\$ 0.15				\$ 1.53
Diluted earnings per common share	\$ 1.58			\$ 0.15				\$ 1.52
Basic weighted average shares	44,505,544			72,532,961			11,327,257(3)	55,832,801

outstanding

Diluted weighted
average shares

outstanding	44,884,912	73,875,723	11,327,257(3)	56,212,169
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Table of Contents**Unaudited Combined Consolidated Pro Forma Statement of Operations****For the Twelve Months Ended December 31, 2015(1)**

(In thousands, except for per share data)

	FIBK Pro Forma Adjustments for Prior			CACB Pro Forma Adjustments for Prior			Pro	Pro Forma
	FIBK	FIBK	FIBK	CACB	CACB	CACB	Forma	Pro Forma
	Historical	Acquisitions	Adjusted	Historical	Acquisitions	Adjusted	Adjustments	Combined
Interest income:								
Interest and fees on loans	\$ 246,015	\$ 6,917	\$ 252,932	\$ 68,484	\$ 6,005	\$ 74,489	\$ 7,094(2)	\$ 334,515
Interest and dividends on investment securities	34,859		34,859	11,687		11,687	(1,010)(2)	45,536
Interest on deposits in banks	1,537		1,537					1,537
Other income	12		12	216		216		228
Total interest income	282,423	6,917	289,340	80,387	6,005	86,392	6,084	381,816
Interest expense:								
Interest on deposits	13,107	212	13,319	1,866	888	2,754	263(2)	16,336
Interest on securities sold under repurchase agreements	231		231					231
Interest on long-term debt	2,300		2,300					2,300
Interest on subordinated debentures held by subsidiary trusts	2,422		2,422					2,422
Other borrowings				6		6		6
Total interest expense	18,060	212	18,272	1,872	888	2,760	263	21,295
Net interest income before (credit) provision for loan losses	264,363	6,705	271,068	78,515	5,117	83,632	5,821	360,520

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Provision for loan losses	6,822		6,822	(4,000)		(4,000)	750(2)	3,572
Net interest income after provision for loan losses	257,541	6,705	264,246	82,515	5,117	87,632	5,071	356,948
Non-interest income:								
Other service charges, commissions and fees	43,154		43,154					43,154
Income from the origination and sale of loans	29,973		29,973					29,973
Wealth management revenues	19,907		19,907					19,907
Service charges on deposit accounts	17,031		17,031	5,121		5,121		22,152
Investment securities gains, net	137		137	475		475		612
Other income	10,727	3,488	14,215	4,880		4,880		19,095
Card issuer and merchant services fees, net				7,052		7,052		7,052
Earnings on BOLI				1,001		1,001		1,001
Mortgage banking income, net				2,617		2,617		2,617
Swap fee income				2,533		2,533		2,533
SBA gain on sales and fee income				1,294	2,007	3,301		3,301
Total non-interest income	120,929	3,488	124,417	24,973	2,007	26,980		151,397
Non-interest expense:								
Salaries and employee benefits	132,189	45	132,234	43,744		43,744		175,978
Information technology	10,124		10,124	3,675		3,675		13,799
Occupancy and equipment	33,403		33,403	6,739		6,739	50(2)	40,192
OREO expense, net of income	(1,475)		(1,475)	68		68		(1,407)

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	FIBK Pro Forma Adjustments for			CACB Pro Forma Adjustments for			Pro Forma Adjustments	Pro Forma Combined
	FIBK Historical	FIBK Acquisitions	FIBK Adjusted	CACB Historical	CACB Acquisitions	CACB Adjusted		
Professional fees	6,458		6,458	5,327		5,327		11,785
FDIC insurance premiums	4,858		4,858	1,321		1,321		6,179
Mortgage servicing rights amortization	2,434		2,434				64(2)	2,498
Mortgage servicing rights impairment recovery	(97)		(97)					(97)
Core deposit intangibles amortization	3,388	571	3,959		35	35	5,099(2)	9,093
Loss contingency expense	5,000		5,000					5,000
Acquisition expenses	795	(795)						
Communications				2,130		2,130		2,130
Card issuer				2,836		2,836		2,836
Insurance				732		732		732
Other expenses	50,936	5,941	56,877	7,824	5,217	13,041		69,918
Total non-interest expense	248,013	5,762	253,775	74,396	5,252	79,648	5,213	338,636
Income before income tax expense	130,457	4,431	134,888	33,092	(1,872)	34,964	(142)	169,710
Income tax expense	43,662	1,662	45,324	12,513	(702)	13,215	(53)(2)	58,485
Net income	\$ 86,795	\$ 2,769	\$ 89,564	\$ 20,579	\$ 1,170	\$ 21,749	\$ (89)	\$ 111,224
Basic earnings per common share	\$ 1.92			\$ 0.29				\$ 1.97
Diluted earnings per common share	\$ 1.90			\$ 0.29				\$ 1.95
	45,184,091			71,788,827			11,327,257(3)	56,511,348

Basic weighted
average shares
outstanding

Diluted weighted
average shares

outstanding	45,646,418	71,968,753	11,327,257(3)	56,973,675
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Table of Contents**Unaudited Combined Condensed Consolidated Pro Forma Statement of Operations****For the Nine Months Ended September 30, 2016 and the Year Ended December 31, 2015****(Dollars in thousands)**

* This column presents pro forma information pertaining to acquisitions by First Interstate and Cascade during the period presented to present the pro forma data as if those acquisitions had occurred as of January 1, 2015.

(1) Assumes that the acquisition of Cascade was completed as of the beginning of the earliest period presented utilizing the acquisition method of accounting. Estimated fair value adjustments for loans, investment securities, core deposit intangibles, time deposits and fixed assets were determined by management of First Interstate and Cascade. The resulting premiums and discounts for purposes of the unaudited combined condensed consolidated pro forma financial data, where appropriate, are being amortized and accreted into income as more fully described in the notes below. Actual fair value adjustments will be determined as of the merger completion date and will be amortized and accreted into income over the estimated remaining lives of the respective assets and liabilities.

(2) The following table summarizes the estimated period impact of the amortization (accretion) of the related acquisition accounting adjustments on the pro forma statement of operations (in thousands):

Category	Estimated Life in Years	Amortization (Accretion) Method	Amortization (Accretion) for	
			Amortization 9 Months Ended September 30, 2016	Year ended December 31, 2015
Loans	various	LY	\$ (5,610)	\$ (7,094)
Investment securities	10	SD	757	1,010
Premises and equipment	30	SL	38	50
Core deposit intangible	10	SD	3,825	5,099
Mortgage servicing rights	12	SD	48	64
Time Deposits	7	SD	198	263
Incremental provision for loan losses	n/a	estimated	500	750

Tax rate = 37.5%

SL - straight line method

SD - sum-of-the-years digits method

LY - level yield method

- (3) Pro forma basic and diluted weighted average common shares outstanding as of September 30, 2016 and December 31, 2015 were determined by adding the number of shares issuable to Cascade's shareholders to First Interstate's historical weighted average basic and diluted outstanding common shares outstanding as of September 30, 2016 and December 31, 2015, respectively. The stock consideration paid to acquire Cascade consists of the issuance of 11,327,257 shares of First Interstate Class A common stock based upon the fixed exchange rate established in the merger agreement.

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DESCRIPTION OF FIRST INTERSTATE CAPITAL STOCK

As a result of the merger, Cascade shareholders will become First Interstate shareholders. Your rights as a shareholder of First Interstate will be governed by the Montana Business Corporation Act, which we refer to in this document as the MBCA, First Interstate's amended and restated articles of incorporation and First Interstate's bylaws. The following summary describes the material terms of First Interstate's capital stock and is subject to, and qualified by, First Interstate's amended and restated articles of incorporation and bylaws and Montana law. We urge you to read the applicable provisions of the MBCA, First Interstate's amended and restated articles of incorporation and First Interstate's bylaws. Copies of First Interstate's governing documents have been filed with the SEC. See *Where You Can Find More Information* as to how to obtain a copy of First Interstate's articles of incorporation and bylaws.

General

First Interstate's articles of incorporation provide for two classes of common stock: First Interstate Class A common stock, which has one vote per share, and First Interstate Class B common stock, which has five votes per share. Any holder of First Interstate Class B common stock may at any time convert his or her shares into shares of First Interstate Class A common stock on a share-for-share basis, and the shares of First Interstate Class B common stock will be automatically converted into shares of First Interstate Class A common stock on a share-for-share basis:

when the aggregate number of shares of First Interstate Class B common stock outstanding as of the record date for any meeting of First Interstate shareholders is less than 20% of the aggregate number of shares of First Interstate Class A common stock and First Interstate Class B common stock then outstanding; or

upon any transfer, whether or not for value, except for permitted transfers as set forth in First Interstate's articles of incorporation and described below.

The shares of First Interstate Class B common stock are generally non-transferable, except in connection with a permitted transfer as set forth in First Interstate's articles of incorporation and described below. The rights of the two classes of First Interstate's common stock are otherwise identical.

First Interstate's authorized capital stock consists of 200,100,000 shares, each with no par value per share, of which:

100,000,000 shares are designated as First Interstate Class A common stock;

100,000,000 shares are designated as First Interstate Class B common stock; and

100,000 shares are designated as preferred stock.

At [], 2017 First Interstate had issued and outstanding [] shares of First Interstate Class A common stock and [] shares of First Interstate Class B common stock. At [], 2017, First Interstate also had outstanding stock options to purchase an aggregate of [] shares of First Interstate Class A common stock. There were no outstanding shares of First Interstate preferred stock at [], 2017.

Common Stock

Dividends. The holders of First Interstate Class A common stock and First Interstate Class B common stock are entitled to share equally, on a per share basis, in any dividends that First Interstate's board of directors may declare from time to time from legally available funds, subject to limitations under Montana law and the preferential rights of holders of any outstanding shares of preferred stock. If a dividend is paid in the form of shares of common stock or rights to acquire shares of common stock, the holders of First Interstate Class A

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common stock will be entitled to receive First Interstate Class A common stock, or rights to acquire First Interstate Class A common stock, as the case may be, and the holders of First Interstate Class B common stock will be entitled to receive shares of First Interstate Class B common stock, or rights to acquire First Interstate Class B common stock, as the case may be. First Interstate is not subject to regulatory restrictions on the payment of dividends. However, its ability to pay dividends may depend, in part, upon dividends it receives from First Interstate Bank. Applicable regulations limit dividends and other distributions by First Interstate Bank.

Voting Rights. The holders of First Interstate common stock possess exclusive voting rights. The holders of First Interstate Class A common stock are entitled to one vote per share and the holders of First Interstate Class B common stock are entitled to five votes per share on any matter to be voted upon by the shareholders. Holders of First Interstate Class A common stock and First Interstate Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, unless otherwise required by law or First Interstate's articles of incorporation.

First Interstate's articles of incorporation provide that it may not, without first obtaining the affirmative 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 as a separate class, issue any additional shares of First Interstate Class B common stock, subject to certain exceptions. The holders of First Interstate common stock are not entitled to cumulative voting rights with respect to the election of directors. Directors will be elected by a majority of the voting power of the shares of First Interstate capital stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Liquidation. Upon liquidation, dissolution or winding up of First Interstate, the holders of First Interstate Class A common stock and First Interstate Class B common stock are entitled to share equally, on a per share basis, in all First Interstate's assets available for distribution after payment or provision for payment of all its debts and liabilities. If First Interstate issues preferred stock, the holders of First Interstate preferred stock may have a priority over the holders of First Interstate common stock upon liquidation or dissolution.

Conversion. First Interstate Class A common stock is not convertible into any other shares of First Interstate's capital stock. Each share of First Interstate Class B common stock is convertible at any time, at the option of the holder, into one share of First Interstate Class A common stock. However, each share of First Interstate Class B common stock will convert automatically into one share of First Interstate Class A common stock upon certain transfers that are not permitted under First Interstate's articles of incorporation. See *Transfer* below. Once converted into First Interstate Class A common stock, the First Interstate Class B common stock cannot be reissued.

Transfer. Outstanding shares of First Interstate Class B common stock are subject to transfer restrictions under First Interstate's articles of incorporation, limiting their transfer principally to: (1) the holder's spouse; (2) certain of the holder's relatives; (3) estates, trusts or other fiduciary arrangements established for the benefit of a holder of First Interstate Class B common stock; (4) certain charitable remainder trusts; provided that the noncharitable beneficiary of any such trust is one or more of the individuals or fiduciary arrangements set forth in (1) through (3) above; and (5) corporations and partnerships wholly-owned by holders of First Interstate Class B common stock and/or any one or more of the individuals or fiduciary arrangements set forth in (1) through (3) above. Furthermore, the First Interstate Class B common stock is not listed on The Nasdaq Stock Market or any other exchange, and there is no trading market for the First Interstate Class B common stock.

Shares of First Interstate Class B common stock will convert automatically into shares of First Interstate Class A common stock if they are transferred to any party who is not an eligible transferee as described in the preceding paragraph and set forth in First Interstate's articles of incorporation.

Subdivision; Combination. No class of common stock may be subdivided or combined unless the other class of common stock concurrently is subdivided or combined in the same proportion and in the same manner.

Preemptive Rights. The holders of First Interstate common stock do not have any preemptive rights.

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Preferred Stock

First Interstate's board of directors is authorized, without approval of the holders of First Interstate Class A common stock or First Interstate Class B common stock, to issue preferred stock from time to time in one or more series in such number and with such designations, preferences, powers and other special rights as may be stated in the resolution providing for such preferred stock. The issuance of First Interstate preferred stock with voting, dividend, liquidation and conversion rights could dilute the voting strength of the holders of First Interstate common stock and may assist management in impeding an unfriendly takeover or attempted change in control.

Anti-Takeover Considerations and Provisions of First Interstate's Articles, Bylaws and Montana Law

A number of provisions of First Interstate's articles of incorporation and bylaws concern matters of corporate governance and the rights of First Interstate's shareholders. Certain of these provisions may have an anti-takeover effect by discouraging takeover attempts not first approved by First Interstate's board of directors, including takeovers that may be considered by some of First Interstate's shareholders to be in their best interests. To the extent takeover attempts are discouraged, temporary fluctuations in the market price of First Interstate Class A common stock, which may result from actual or rumored takeover attempts, may be inhibited. Such provisions also could delay or frustrate the removal of incumbent directors or the assumption of control by shareholders, even if such removal or assumption would be viewed by First Interstate's shareholders as beneficial to their interests. These provisions also could discourage or make more difficult a merger, tender offer or proxy contest, even if such a transaction could be viewed by First Interstate's shareholders as beneficial to their interests and could potentially depress the market price of First Interstate Class A common stock. First Interstate's board of directors believes that these provisions are appropriate to protect First Interstate's interests and the interests of First Interstate's shareholders.

Preferred Stock. First Interstate's board of directors may from time to time authorize the issuance of one or more classes or series of preferred stock without shareholder approval. Subject to the provisions of First Interstate's articles of incorporation, limitations prescribed by law and the rules of The Nasdaq Stock Market, if applicable, First Interstate's board of directors is authorized to adopt resolutions to issue shares, establish the number of shares, change the number of shares constituting any series and provide or change the voting powers, designations, qualifications, limitations or restrictions on shares of First Interstate's preferred stock, including dividend rights, terms of redemption, conversion rights and liquidation, dissolution and winding-up preferences, in each case without any action or vote by First Interstate's shareholders.

One of the effects of undesignated preferred stock may be to enable First Interstate's board of directors to discourage an attempt to obtain control of First Interstate by means of a tender offer, proxy contest, merger or otherwise. The issuance of preferred stock may adversely affect the rights of holders of First Interstate Class A common stock and First Interstate Class B common stock by, among other things:

restricting dividends on either or both classes of common stock;

diluting the voting power of either or both classes of common stock;

impairing the liquidation rights of either or both classes of common stock;

delaying or preventing a change in control without further action by the shareholders; or

decreasing the market price of either or both classes of common stock.

Meetings of Shareholders. First Interstate's bylaws provide that annual meetings of First Interstate's shareholders will be held at such time as is determined by First Interstate's board of directors to elect directors and for the transaction of any other business as may come before the annual meeting. First Interstate's articles of incorporation provide that special meetings of shareholders may be called by (1) First Interstate's board of directors, (2) the Chairman of First Interstate's board of directors, (3) the Chief Executive Officer of First

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Interstate, or (4) a holder, or a group of holders, of common stock holding more than 10% of the total voting power of the outstanding shares of First Interstate capital stock then entitled to vote.

Advance Notice Provisions. First Interstate's bylaws provide that nominations for directors may not be made by shareholders at any special meeting thereof unless the shareholders intending to make a nomination notifies First Interstate of its intention a specified number of days in advance of the meeting and furnishes to First Interstate certain information regarding itself and the intended nominee. First Interstate's bylaws also require a shareholder to provide written demand to the First Interstate secretary and must describe the purpose for which the special meeting is to be held. Only business within the purposes described in the notice of the meeting may be conducted at a special meeting. These provisions could delay shareholder actions that are favored by the holders of a majority of First Interstate's outstanding capital stock until the next shareholders' meeting.

Filling of Board Vacancies. Unless First Interstate's board of directors otherwise determines or is otherwise required by applicable law, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by the shareholders may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of First Interstate's board of directors, or by a sole remaining director. Each such director will hold office until the next election of directors and until such director's successor is elected and qualified.

Amendment of the First Interstate Articles of Incorporation. First Interstate's articles of incorporation may be amended in the manner allowed under the MBCA; however, the affirmative vote of the holders of the greater of: (1) a majority of the voting power of the issued and outstanding shares of capital stock then entitled to vote thereon or (2) 66.67% of the voting power of the shares of capital stock present in person or represented by proxy at the shareholders meeting is required to amend or repeal the provision related to the required shareholder approval in a Change in Control transaction or the provision related to amending the First Interstate articles of incorporation.

If the proposal to amend and restate the articles of incorporation of First Interstate is approved and the merger is completed, the 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 or a Class B Acquisition Transaction will require the vote of 70% of the outstanding shares of the First Interstate Class A common stock, voting separately as a class.

Amendment of the First Interstate Bylaws. First Interstate's articles of incorporation provide that the First Interstate bylaws may be adopted, altered, amended or repealed by First Interstate's board of directors upon the affirmative vote of at least a majority of the directors then in office. First Interstate's articles of incorporation also provide that the bylaws may be adopted, amended, or repealed by a majority of the voting power of the shareholders entitled to vote.

Change in Control. First Interstate's articles of incorporation provide for certain voting thresholds needed to consummate a change in control transaction (as defined in the First Interstate articles of incorporation). Accordingly, First Interstate will not be able to consummate a change in control transaction without obtaining the greater of (1) a majority of the voting power of the issued and outstanding shares of capital stock then entitled to vote on such transaction, voting together as a single class, and (2) 66.67% of the voting power of the shares of capital stock present in person or represented by proxy at a shareholders meeting called to consider such transaction and entitled to vote thereon, voting together as a single class.

If the proposal to amend and restate the articles of incorporation of First Interstate is approved and the merger is completed, if First Interstate proposes to engage in a change in control transaction in which holders of First Interstate Class A common stock and First Interstate Class B common stock will receive different consideration, First Interstate

will need to obtain, in addition to any shareholder approval required by the MBCA and the First Interstate articles of incorporation, the approval of at least 70% of the outstanding shares of First Interstate Class A common stock, voting separately as a single class.

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In addition, if the proposal to amend and restate the articles of incorporation of First Interstate is approved and the merger is completed, if First Interstate proposes to merge into another corporation and in the twelve months before such merger the acquiring company acquired any shares of First Interstate Class B common stock, then such merger transaction will require the affirmative vote of 70% of the outstanding shares of First Interstate Class A common stock, voting separately as a single 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 merger and the merger consideration paid is at least equal to the highest amount paid by the acquiring corporation for the First Interstate Class B common stock.

Transactions with Interested Shareholders. If the proposal to amend and restate the articles of incorporation of First Interstate is approved and the merger is completed, First Interstate cannot merge with or sell any material assets to any shareholder of First Interstate Class B common stock 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 separately as a single class.

No Cumulative Voting. The MBCA provides that shareholders are not entitled to cumulate votes in the election of directors unless First Interstate's articles of incorporation provide otherwise. First Interstate's articles of incorporation prohibit cumulative voting.

Dual Class Structure

As discussed above, First Interstate Class B common stock is entitled to five votes per share, while First Interstate Class A common stock is entitled to one vote per share. First Interstate Class A common stock is the class of stock to be issued to Cascade shareholders in the merger and is the only class of First Interstate's capital stock that is publicly traded. As of [Record Date], members of the Scott family held [] shares First Interstate Class B common stock and, therefore, controlled in excess of []% of the voting power of First Interstate's outstanding 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 the ability of other shareholders to influence corporate matters and the interests of the Scott family may not always coincide with First Interstate's interests or the interests of other shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for First Interstate's common stock is American Stock Transfer & Trust Company, LLC.

Restrictions on Ownership

Under the federal Change in Bank Control Act, a notice must be submitted to the Federal Reserve if any person (including a company), or group acting in concert, seeks to acquire control of a bank holding company or a bank. An acquisition of control can occur upon the acquisition of ten percent or more of the voting stock of a bank holding company or depository institution or as otherwise defined by the Federal Reserve Board. Under the Change in Bank Control Act, the Federal Reserve Board has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the anti-trust effects of the acquisition. Any company that so acquires control would then be subject to regulation as a bank holding company.

Table of Contents**COMPARISON OF RIGHTS OF SHAREHOLDERS**

The rights of shareholders of First Interstate are currently governed by First Interstate's articles of incorporation, bylaws and the MBCA. The rights of shareholders of Cascade are currently governed by Cascade's articles of incorporation, bylaws and the Oregon Business Corporation Act, which we refer to in this document as the OBCA. If the merger is completed, Cascade shareholders will become First Interstate shareholders and their rights will likewise be governed by First Interstate's articles of incorporation, as amended and restated in accordance with First Interstate's Proposal No. 2 (Approval and Adoption of the First Interstate Amended and Restated Articles of Incorporation) and Cascade's Proposal No. 3 (Non-Binding Vote to Approve the First Interstate Amended and Restated Articles of Incorporation) beginning on pages [] and [], respectively, of this document, First Interstate's bylaws and the MBCA.

The following summary compares the rights of a Cascade shareholder and the rights of a shareholder of First Interstate assuming the approval and adoption of the amended and restated articles of incorporation of First Interstate. A copy of the proposed amended and restated articles of incorporation of First Interstate is included as Annex D to this document.

The following summary is not a complete statement of the differences between the rights of Cascade shareholders and the rights of First Interstate shareholders and is qualified in its entirety by reference to the articles of incorporation and bylaws of each corporation. Copies of First Interstate's articles of incorporation and bylaws are on file with the SEC and are available on written request addressed to Kirk D. Jensen, Corporate Secretary, First Interstate BancSystem, Inc., 401 North 31st Street, Billings, Montana 59116. Copies of Cascade's articles of incorporation and bylaws are on file with the SEC and are available upon written request addressed to Andrew J. Gerlicher, Corporate Secretary, Cascade Bancorp, 1100 N.W. Wall Street, Bend, Oregon 97703.

Authorized Stock***First Interstate***

First Interstate's articles of incorporation authorize 200,100,000 shares of capital stock, consisting of 100,000,000 shares of First Interstate Class A common stock, no par value per share, 100,000,000 shares of First Interstate Class B common stock, no par value, and 100,000 shares of preferred stock, no par value per share.

As of [Record Date], there were [] shares of First Interstate Class A common stock issued and outstanding and [] shares of First Interstate Class B common stock issued and outstanding.

As of [Record Date], there were no shares of First Interstate preferred stock issued and outstanding.

Cascade

Cascade's articles of incorporation authorize 100,000,000 shares of common stock and 5,000,000 shares of preferred stock.

As of [Record Date], there were [] shares of Cascade common stock issued and outstanding.

As of [Record Date], there were no shares of Cascade preferred stock issued and outstanding.

Voting Rights

First Interstate

Same provisions as Cascade with respect to cumulative voting.

Each share of First Interstate Class A common stock is entitled to one vote per share. Each share of First Interstate Class B common stock is entitled to five votes per share.

Cascade

Cascade's articles of incorporation do not provide for cumulative voting by shareholders in the election of directors.

Cascade's bylaws provide that each shareholder is entitled to one vote for each share of stock held by such shareholder.

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Preemptive Rights

First Interstate

No holder of any stock has any preemptive rights to subscribe for or purchase any stock other than as First Interstate's board of directors, in its sole discretion, may determine.

Cascade

Subject to certain customary conditions, pursuant to the terms of the Securities Purchase Agreements, dated as of November 16, 2010, by and among Cascade and each of David F. Bolger, an affiliate of Lightyear Capital LLC, an affiliate of Leonard Green & Partners, L.P., and an affiliate of WL Ross & Co. LLC, Cascade has granted each of Mr. Bolger, Lightyear Capital LLC, Leonard Green and WL Ross, and their respective affiliates who hold the shares of Cascade common stock, preemptive rights on any subsequent offering of Cascade's securities. Each of them will have the preemptive rights described in the Securities Purchase Agreements entered into between Cascade and each such investor, until he or it, or his or its respective affiliates, ceases to own 5% or more of the outstanding shares of Cascade common stock. No other holders of any other stock has any preemptive rights to subscribe for or purchase any stock other than as Cascade's board of directors, in its sole discretion, may determine.

Required Vote for Authorization of Certain Actions

First Interstate

Under the MBCA, a two-thirds vote is generally required for approval of mergers or share exchanges, unless otherwise provided in a company's articles of incorporation. First Interstate's articles of incorporation provide that First Interstate will not be able to consummate a change in control transaction (as defined in the articles of incorporation) without obtaining the greater of (1) a majority of the voting power of the issued and outstanding shares of capital stock then entitled to vote on such transaction, voting together as a single class or (2) 66.67% of the voting power of the shares of capital stock present in person or represented by proxy at a shareholders meeting called to consider such tra

Cascade