

FIRST INTERSTATE BANCSYSTEM INC
Form DEF 14A
April 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FIRST INTERSTATE BANCSYSTEM, INC.

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

Edgar Filing: FIRST INTERSTATE BANCSYSTEM INC - Form DEF 14A

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

FIRST INTERSTATE BANCSYSTEM, INC.

401 North 31st Street

P.O. Box 30918

Billings, Montana 59116-0918

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on Wednesday, May 20, 2015

at 4:00 p.m., Mountain Daylight Time

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Shareholders of First Interstate BancSystem, Inc. will be held at First Interstate Bank, Operations Center, 1800 Sixth Avenue North, Billings, Montana, on Wednesday, May 20, 2015, at 4:00 p.m., Mountain Daylight Time, for the following purposes:

1. To elect six directors to serve three-year terms, or until their respective successors have been elected and appointed;
2. To conduct an advisory vote on executive compensation;
3. To approve our 2015 Equity and Incentive Plan;
4. To ratify the appointment of McGladrey LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof. Only shareholders of record as of the close of business on March 16, 2015 are entitled to notice of and to vote at the annual meeting and any adjournments or postponements thereof.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the annual meeting, we urge you to vote. Registered holders may vote:

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

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

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Edgar Filing: FIRST INTERSTATE BANCSYSTEM INC - Form DEF 14A

/s/ THOMAS W. SCOTT

Thomas W. Scott

Chairman of the Board of Directors

Billings, Montana

April 2, 2015

PROXY STATEMENT
FOR
THE ANNUAL MEETING OF SHAREHOLDERS
OF
FIRST INTERSTATE BANCSYSTEM, INC.

Solicitation Information

This proxy statement, the accompanying proxy card and the annual report on Form 10-K are being made available to our shareholders on the Internet at www.astproxyportal.com/ast/40016/ on or about April 2, 2015. Our board of directors, or the Board, is soliciting your proxy to vote your shares at the annual meeting of shareholders to be held on May 20, 2015. The Board is soliciting your proxy to give all shareholders the opportunity to vote on matters that will be presented at the annual meeting. This proxy statement provides you with information on these matters to assist you in voting your shares.

We are pleased to take advantage of the Securities and Exchange Commission, or SEC, e-proxy rules that allow companies to post their proxy materials on the internet. We will be able to provide our shareholders with the information they need while lowering the cost of the delivery of materials and reducing the environmental impact of printing and mailing hard copies. As permitted by the SEC rules, we are sending a Notice of Internet Availability of Proxy Materials, or the Notice, to our shareholders on or about April 2, 2015. All shareholders will have the ability to access the proxy materials on the website referred to above and in the Notice. Shareholders will also have the ability to request a printed set of the proxy materials. Instructions on how to access the proxy materials on the internet or to request a printed copy may be found in the Notice. Instructions on how to vote your shares and how to download a proxy card for voting at the annual meeting will also be contained in the Notice.

When we refer to the Company, we, our, and us in this proxy statement, we mean First Interstate BancSystem, Inc. and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, First Interstate BancSystem, Inc. When we refer to the Bank in this proxy statement, we mean First Interstate Bank, our bank subsidiary.

What is a proxy?

A proxy is your legal designation of another person to vote on your behalf. By completing and returning the proxy card, you are giving the persons designated in the proxy the authority to vote your shares in the manner you indicate on the proxy card.

Why did I receive more than one proxy card?

While we have attempted to consolidate your holdings onto one proxy card, you may receive multiple proxy cards if you hold your shares in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. In addition, if your shares are held by a broker or trustee, you will receive your proxy card or other voting information from your broker or trustee. You should vote on and sign each proxy card you receive.

Who pays the cost of this proxy solicitation?

We pay the costs of soliciting proxies. Upon request, we will reimburse brokers, banks, trusts and other nominees for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of our common stock.

Is this proxy statement the only way that proxies are being solicited?

In addition to these proxy materials, certain of our directors, officers and employees may solicit proxies by telephone, facsimile, e-mail or personal contact. They will not be specifically compensated for doing so.

Voting Information

Who is qualified to vote?

You are qualified to receive notice of and to vote at the annual meeting if you owned shares of our Class A or Class B common stock as of the close of business on our record date of March 16, 2015.

How many shares of common stock may vote at the annual meeting?

As of the record date, there were 21,585,683 shares of Class A common stock outstanding and entitled to vote and 23,834,272 shares of Class B common stock outstanding and entitled to vote at our annual meeting. Our Class A common stock and our Class B common stock are referred to collectively as our common stock.

How are votes counted?

The proxies appointed by the Board will vote your shares as you instruct on your proxy. Each share of Class A common stock is entitled to one vote and each share of Class B common stock is entitled to five votes on all matters submitted to a vote of shareholders. Holders of Class A common stock and Class B common stock 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.

Is there a quorum requirement?

For the annual meeting to be valid, there must be a quorum present. A quorum requires that more than 50% of the voting power of our issued and outstanding common stock be represented at the meeting, whether in person or by proxy.

What is the difference between a shareholder of record and other beneficial holders?

These terms describe how your shares are held. If your shares are registered directly in your name, you are a shareholder of record. If your shares are held in the name of a broker, bank, trust or other nominee as a custodian, you are a beneficial holder.

How do I vote my shares?

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

via internet at www.voteproxy.com;

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

by mailing in the proxy card that will be sent to you by mail or that you may download from the website referred to in the Notice; or

by designating another person to vote your shares with your own form of proxy.

Please refer to the specific instructions set forth on the proxy card. We encourage you to vote electronically or by telephone. If you are a beneficial holder, your broker, bank, trust or other nominee will provide you with materials and instructions for voting your shares.

Can I vote my shares in person at the annual meeting?

If you are a shareholder of record, you may vote your shares in person at the annual meeting. If you are a beneficial holder, you must obtain a proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the annual meeting.

What is the Board's recommendation on how I should vote my shares?

Edgar Filing: FIRST INTERSTATE BANCSYSTEM INC - Form DEF 14A

Proposal One the Board recommends that you vote your shares FOR the election of each of the six director nominees.

Proposal Two the Board recommends you vote your shares FOR the approval, on an advisory basis, of executive compensation as disclosed in the Proxy statement.

Proposal Three the Board recommends you vote your shares FOR the approval of the 2015 Equity and Incentive Plan.

Proposal Four the Board recommends you vote your shares FOR ratification of the appointment of McGladrey LLP as our independent registered public accounting firm for the year ending December 31, 2015.

How will my shares be voted if I do not specify how they should be voted?

If you sign and return your proxy card without indicating how you want your shares to be voted, the proxies appointed by the Board will vote your shares FOR the election of all six director nominees, FOR the approval, on an advisory basis, of executive compensation, FOR approval of the 2015 Equity and Incentive Plan and FOR the ratification of the appointment of McGladrey LLP as our independent registered public accounting firm for the year ending December 31, 2015.

Can my broker vote my shares for the proposal regarding the election of directors?

A broker or other entity holding shares for an owner in street name may vote for routine proposals without receiving voting instructions from the owner under certain circumstances. A broker or other entity may vote on non-routine proposals only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is non-routine and the owner does not provide any voting instructions. The only routine matter in this proxy statement is Proposal Four to ratify the appointment of our independent registered public accounting firm. Proposal One to elect the director nominees, Proposal Two to conduct an advisory vote on executive compensation and Proposal Three to approve the 2015 Equity and Incentive Plan are non-routine matters. Therefore, if we receive a proxy card with a broker non-vote, your proxy will be voted for Proposal Four and it will not be included in determining the number of votes cast with regard to Proposals One, Two and Three. It is important that you instruct your broker as to how you wish to have your shares voted on each proposal, even if you wish to vote as recommended by the Board.

How are votes withheld, abstentions and broker non-votes treated?

Votes withheld and abstentions are deemed as present at the annual meeting, are counted for quorum purposes, and except for voting on directors, will have the same effect as a vote against a matter. Broker non-votes, if any, while counted for general quorum purposes, are not deemed to be present with respect to any matter for which a broker does not have authority to vote.

How do I change or revoke my proxy?

After voting you may change your vote one or more times, or you may revoke your proxy, at any time before the vote is taken at the annual meeting. You may revoke your proxy by doing one of the following:

sending a written notice of revocation to our corporate secretary that is received prior to the annual meeting, stating that you revoke your proxy;

signing a later-dated proxy card and submitting it so that it is received prior to the annual meeting in accordance with the instructions included in the proxy card(s);

voting again via the internet or by telephone using the instructions described in the Notice; or

attending the annual meeting and voting your shares in person.

What vote is required?

With respect to Proposal One to elect the director nominees, a majority of votes are needed to elect a director. This means that the six nominees for director must each respectively receive affirmative votes of 50% or more of the votes cast to be elected. Neither a vote to abstain nor a broker non-vote will count as a vote cast FOR or AGAINST a director nominee. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the election of directors.

With respect to Proposal Two, to conduct an advisory vote on executive compensation, advisory approval will be obtained if the votes cast in favor of the matter exceed the votes cast in opposition. Broker non-votes will not count as a vote cast FOR or AGAINST this proposal, and will have no direct effect on the outcome of this proposal. Abstentions will be treated as a vote cast and have the same effect as a vote AGAINST this proposal.

With respect to Proposal Three, to approve the 2015 Equity and Incentive Plan, approval will be obtained by the shareholders if the votes cast in favor of the matter exceed the votes cast in opposition. Broker non-votes will not count as a vote cast FOR or AGAINST this proposal, and will have no direct effect on the outcome of this proposal. Abstentions will be treated as a vote cast and will have the same effect as a vote AGAINST this proposal.

With respect to Proposal Four to ratify the appointment of McGladrey LLP as our independent registered public accounting firm for the year ending December 31, 2015, ratification will be approved by the shareholders if the votes cast in favor of the matter exceed the votes cast in opposition. Abstentions will be treated as a vote cast and will have the same effect as a vote AGAINST this proposal.

With respect to all other business which may properly come before the annual meeting, unless a greater number of votes are required by law or by our articles of incorporation, the business will be approved by the shareholders if the votes cast in favor of the matter exceed the votes cast in opposition.

Who will count the votes?

Representatives from American Stock Transfer & Trust Company, LLC will count the votes and serve as our inspectors of election. The inspectors of election will be present at the annual meeting.

What if I have further questions?

If you have any further questions about voting your shares or attending the annual meeting, please contact our corporate secretary, Carol Stephens Donaldson, at (406) 255-5378, or e-mail: carol.donaldson@fib.com.

PROPOSAL ONE

ELECTION OF DIRECTORS

In accordance with our second amended and restated bylaws, the number of our directors must be at least five and not more than eighteen. We currently have seventeen directors. The Board is divided into three groups with staggered three-year terms.

A total of six directors will be elected at the annual meeting to serve three-year terms, or until their respective successors have been elected and appointed. The Board has nominated for election as directors:

Ed Garding

David L. Jahnke

Ross E. Leckie

James R. Scott

Randall I. Scott

Teresa A. Taylor

All of the director nominees are current members of the Board.

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

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

Director		
Name and Age	Since	Principal Occupation
Ed Garding, 65	2012	President and Chief Executive Officer, First Interstate BancSystem, Inc.
David L. Jahnke, 61	2011	Retired Partner, KPMG
Ross E. Leckie, 57	2009	Executive Vice President, Allianz SE
James R. Scott, 65	1971	Executive Vice Chairman of the Board, First Interstate BancSystem, Inc.
Randall I. Scott, 61	1993	Managing General Partner, Nbar5 Limited Partnership
Teresa A. Taylor, 51	2012	Owner and Chief Executive Officer, Blue Valley Advisors, LLC

A majority of votes are needed to elect a director. This means that the six nominees for director must each respectively receive affirmative votes of 50% or more of the votes cast to be elected.

The Board recommends a vote FOR each of the nominees named above.

DIRECTORS CONTINUING IN OFFICE AFTER ANNUAL MEETING

Name and Age	Director Since	Term Expires	Principal Occupation
Steven J. Corning, 62	2008	2017	President and Chief Executive Officer, Corning Companies
Dana L. Crandall, 50	2014	2017	Vice President-Service Delivery, Comcast
David H. Crum, 70	2001	2016	President and Chief Executive Officer, Crum Electric Supply Co., Inc.
William B. Ebzery, 65	2001	2016	Owner, Cypress Capital Management, LLC, and Certified Public Accountant-retired
Charles E. Hart, M.D., M.S., 65	2008	2017	Retired President and Chief Executive Officer, Regional Health, Inc.
Charles M. Heyneman, 54	2011	2017	Assistant Vice President, First Interstate Bank
John M. Heyneman, Jr., 48	2010	2016	Contractor, North Main Association
Jonathan R. Scott, 41	2013	2016	President, First Interstate Bank, Jackson
Thomas W. Scott, 71	1971	2017	Chairman of the Board, First Interstate BancSystem, Inc.
Michael J. Sullivan, 75	2003	2017	Senior Attorney, Lewis, Roca & Rothgerber LLP
Theodore H. Williams, 60	2013	2016	Developer and Manager, Thompson Creek Unit

PROPOSAL TWO**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Amendments to Section 14A of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, pursuant to the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, require us to provide our shareholders an opportunity to cast an advisory vote to approve the compensation of the executive officers named in this proxy statement.

Our general compensation philosophy is that executive compensation should align with shareholders' interests without encouraging excessive or unnecessary risk. Our executive compensation programs are designed to attract and retain qualified executive officers and establish an appropriate relationship between executive pay and the Company's annual financial performance and long-term growth objectives. Long-term executive compensation, through the award of time restricted stock and performance restricted stock encourages growth in executive stock ownership and helps drive performance that rewards both our executives and our shareholders.

We are asking for shareholder approval of the compensation of our named executive officers as disclosed in this proxy statement under the subheadings "Compensation Discussion and Analysis" and "Compensation of Executive Officers and Directors." This vote is intended to address the overall compensation of named executive officers and the policies and practices described in this proxy statement.

This vote is advisory and therefore not binding on us, the compensation committee or the Board. The Board and compensation committee value the opinions of shareholders and will take into account the outcome of the vote when considering future executive compensation arrangements.

A majority of the shares entitled to vote and present in person or represented by proxy are needed to approve, on an advisory basis, the compensation of our executive officers. This means that our executive compensation will be approved, on an advisory basis, if the votes cast by shareholders in favor of advisory approval exceed those votes cast in opposition of advisory approval.

The Board recommends a vote FOR advisory approval of our compensation of executive officers named in this proxy statement.

PROPOSAL THREE

APPROVAL OF THE FIRST INTERSTATE BANCSYSTEM, INC.

2015 EQUITY AND INCENTIVE PLAN

On November 20, 2014, the Board of Directors approved the First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan (the 2015 Plan), subject to approval by the shareholders of the Company. The Company currently maintains the 2006 Equity Compensation Plan (the 2006 Plan), which consolidated into one plan the benefits available under the First Interstate BancSystem, Inc. 2001 Stock Option Plan, the First Interstate BancSystem, Inc. 2004 Restricted Stock Benefit Plan, the Director Stock Compensation Plan and the Officer Stock Benefit Plan and provided additional benefits.

The 2015 Plan does not increase the number of shares of the Common Stock that are available for awards under the 2006 Plan. If shareholders approve the 2015 Plan, no new awards will be granted under the 2006 Plan after the Annual Meeting. However, the 2006 Plan will continue with respect to awards made previously under such plan (and under the plans consolidated under the 2006 Plan, if applicable).

General

The purpose of the 2015 Plan is to advance the interests of our shareholders by enhancing our ability to attract and retain persons who are expected to make important contributions to our long range success by providing them with both equity ownership opportunities and performance-based incentives intended to align their interests with those of our shareholders.

The 2015 Plan is designed to provide us with flexibility to select from among various equity-based and performance compensation methods, and to be able to address changing accounting and tax rules and corporate governance practices by optimally utilizing performance-based compensation.

Principal Features of the 2015 Plan

A summary of the principal features of the 2015 Plan is provided below, but is qualified in its entirety by reference to the full text of the 2015 Plan that is attached to this Proxy Statement as Appendix A.

The 2015 Plan will permit awards of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and performance compensation as described below. Shareholder approval of the 2015 Plan will permit the performance-based awards discussed below to qualify for deductibility under Section 162(m) of the Internal Revenue Code, or the Code.

Awards and grants under the 2015 Plan are referred to as Awards. Those eligible for Awards under the 2015 Plan are referred to as Participants. Participants include any employee or director who is designated by the Board to receive one or more Awards under the 2015 Plan.

Shares Available for Issuance

As of December 31, 2014, approximately 783,007 shares of Class A common stock were available for new grants under our 2006 Plan and there were approximately 836,940 shares of our Class A common stock and 911,092 shares of our Class B

common stock subject to outstanding awards under the 2006 Plan. As indicated above, no new grants or awards will be made under the 2006 Plan if the 2015 Plan is approved. Even upon approval of the 2015 Plan, the 2006 Plan will continue with respect to the awards outstanding under such plan.

The maximum number of shares reserved for issuance under the 2015 Plan is 2,000,000 shares of Class A common stock. The maximum number of shares of common stock that may be subject to Awards granted to an individual employee Participant in any calendar year may not exceed 200,000 shares of Class A common stock. The maximum number of shares of common stock that may be subject to Awards granted to an individual director Participant in any calendar year may not exceed 50,000 shares of Class A common stock. The maximum cash performance compensation award an individual employee or director Participant may be granted is \$3,000,000 in any calendar year. If an Award (other than a cash performance compensation award) is to be settled in cash, the number of shares of common stock on which the Award is based will count toward such individual share limit.

The 2015 Plan prohibits the repricing of Awards without shareholder approval. The 2015 Plan also prohibits the recycling of shares subject to canceled, forfeited or expired Awards, tendered in payment of a stock option exercise price, delivered or withheld to satisfy tax withholding obligations, or covered by a stock-settled stock appreciation right or other Award that was not issued upon the settlement of the Award. These shares will not again be available for issuance under the 2015 Plan.

Administration and Eligibility

The 2015 Plan will be administered by the compensation committee of the Board (the Committee), provided that the Board may itself exercise or delegate to any other person or committee any of the authority granted to the Committee with respect to the Plan.

The Committee may establish procedures such that Awards to covered employees and officers will comply with the exemption requirements of Section 162(m) of the Code and/or Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), in which case the Awards will be determined and made by a subcommittee consisting solely of two or more non-employee directors within the meaning of Rule 16b-3 of the Exchange Act and outside directors within the meaning of Section 162(m) of the Code. Our Chief Executive Officer has the authority to make Awards to Participants who are not covered employees within the meaning of Section 162(m) of the Code, subject to any limitations or guidelines established by the Committee.

The administrator of the 2015 Plan, whether it is the Committee or the Board, shall have exclusive authority to construe and interpret the 2015 Plan, including the authority to (i) determine to whom awards will be granted, the timing, manner and nature of awards granted, the number of shares to be subject to any award, the purchase price, exercise price, medium of payment and vesting provisions of any award, (ii) designate awards as performance awards and select performance criteria used to establish performance goals of the award, (iii) modify the time and/or manner of vesting, or the term of any outstanding award subject to Participant's consent, (iv) determine the duration and purpose of leaves of absence which may be granted to grantees without constituting termination of employment for purposes of the 2015 Plan, (v) make decisions with respect to outstanding awards upon a change in control or other triggering event, and (vi) all other discretionary determinations necessary or advisable for administration of the 2015 Plan. The Committee's discretionary determination will be final, binding and conclusive on all parties. Members of the Committee are appointed by and serve at the pleasure of the Board and may be removed by the Board at its discretion.

We have agreed to indemnify and hold harmless each person who is or was a member of the Committee or the Board against and from (a) any loss, cost, liability or expense that may result from any claim, action, suit or proceeding to which such person may be a party, or in which such person may be involved, by reason of any action taken or failure to act under the 2015 Plan, and (b) all amounts paid by such person in settlement thereof, with our approval, or paid by such person, in satisfaction of judgment in any such action, suit or proceeding against such person, provided such person shall give us an opportunity, at our own expense, to handle and defend the action, suit or proceeding before such person undertakes to handle and defend it on such person's own behalf.

Terms and Conditions of Awards

The 2015 Plan allows us to grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and performance compensation awards.

Stock Options. A stock option is the right to purchase a specified number of shares of our Class A common stock in the future at a specified exercise price and subject to other terms and conditions specified in the option agreement and the 2015 Plan. Stock options granted under the 2015 Plan will be either incentive stock options, which are intended to receive special tax treatment under the Code, or options other than incentive stock options (referred to as non-qualified options), as determined by the Committee and stated in the applicable option agreement. The exercise price of any non-qualified stock option must be at least equal to the fair market value of the Class A common stock on the date of the grant. The exercise price of any incentive stock option granted to stockholders who own greater than 10% of our voting stock must be at least equal to 110% of the fair market value of the Class A common stock on the date of the grant. At the time of grant, the Committee, in its sole discretion, will determine when stock options are exercisable and when they expire, provided the term cannot exceed ten years (five years for incentive stock options granted to stockholders who own greater than 10% of our voting stock). Each stock option shall be evidenced by a stock option agreement that shall state whether it is an incentive stock option or a non-qualifying option, option exercise price, the duration of the stock option, the number of shares of Class A common stock to which the stock option pertains, the vesting schedule of the stock option and such other terms and conditions as may be determined from time to time by the Committee. For purposes of the 2015 Plan, fair market value means the closing sale price for the primary trading session in the principal U.S. market for our Class A common stock on the first trading day prior to the date of grant.

The purchase price for any shares purchased pursuant to exercise of a stock option granted under the 2015 Plan must be paid in full upon exercise of the stock option either in cash, or, in the discretion of the Committee and upon such terms and conditions as it may approve, the exercise price may be paid by (a) transferring to us shares of previously acquired Class A common stock, at their fair market value on the date of delivery, (b) by a combination of these methods, or (c) in such other manner as the Committee may determine. The foregoing alternatives are, however, subject to any applicable limitations on loans to officers and to applicable insiders and other trading rules and regulations of the Securities and Exchange Commission (the SEC).

No incentive stock option may be granted to an optionee, which, when combined with all other incentive stock options becoming exercisable in any calendar year that are held by that optionee, would have an aggregate fair market value in excess of \$100,000. In the event an optionee is awarded \$100,000 in incentive stock options in any calendar year, any incentive stock options in excess of \$100,000 granted during the same year will be treated as non-qualified stock options.

Non-qualified stock options may, in the sole discretion of the Committee, be transferable to a permitted transferee, upon written approval of the Committee to the extent provided in the award agreement. If the award agreement does not provide for transferability, then non-qualified stock options are generally transferable to family members by gift or by will or the laws of descent and distribution.

Stock options granted under the 2015 Plan shall be exercisable at such times and shall be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for all Participants.

Stock Appreciation Rights. Stock appreciation rights (SARs) are subject to the terms and conditions set by the Committee and may be granted on a stand-alone basis (free-standing rights) or in tandem with stock options granted under the 2015 Plan (related rights). A SAR granted under the 2015 Plan entitles its holder to receive, at the time of exercise, an amount per share equal to the excess of the fair market value at the date of exercise of a share of our Class A common stock over a specified exercise price fixed by the Committee. Payment may be made in cash, shares of Class A common stock, or in any combination of the two, as determined by the Committee.

The exercise price of a free-standing right shall not be less than 100% of the fair market value of one share of Class A common stock on the date of grant of the SAR. A related right will have the same exercise price, is transferable upon the same terms and conditions and is exercisable only to the same extent as the related stock option. Upon the exercise of a related right, the number of shares of Class A common stock for which any related stock option is exercisable will be reduced by the number of shares for which the related right has been exercised.

Restricted Stock. Restricted stock consists of Class A common shares which are transferred or sold to a Participant, but are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the Participant. The Committee determines the eligible Participants to whom, and the time or times at which, grants of restricted stock will be made, the number of shares of Class A common stock to be granted, the price to be paid, if any, the time or times within which the shares of Class A common stock covered by such grants will be subject to forfeiture, the time or times at which the restrictions will terminate, and all other terms and conditions of the Awards. Restrictions or conditions could include, but are not limited to, the attainment of performance goals, continuous service with the Company, the passage of time or other restrictions or conditions determined by the Committee. Unless otherwise provided in the award agreement, the restricted stock Participants generally have the rights and privileges of a shareholder, including the right to vote and receive dividends on the restricted shares.

Restricted Stock Units. Restricted stock units (RSUs) are hypothetical common stock units that have a value equal to the fair market value of an identical number of shares of our Class A common stock and entitle the Participant to payment in cash or shares of Class A common stock at the expiration of the restriction period. The Committee determines the eligible Participants to whom, and the time or times at which, grants of RSUs will be made, the number of RSUs to be granted, the time or times at which the restrictions will terminate and all other terms and conditions of an RSU award. A Participant has no voting rights with respect to RSUs. RSUs awarded to Participants are subject to forfeiture until the expiration of the restricted period and satisfaction of any applicable performance goals during such period. Upon the expiration of the restricted period, we will deliver to the Participant, or his or her beneficiary, without charge, one share of Class A common stock for each outstanding vested RSU and cash equal to any dividend equivalents credited and the interest thereon, if any, or, at the discretion of the Committee, in shares of Class A common stock having a fair market value equal to such dividend equivalents and the interest thereon, if any; provided, however, that, if explicitly provided in the applicable award agreement, the Committee may, in its sole discretion, elect to pay cash or part cash and part Class A common stock in lieu of delivering only shares of Class A common stock for vested RSUs. If a cash payment is made in lieu of delivering shares of Class A common stock, the amount of such payment will be equal to the fair market value of our Class A common stock as of the date on which the restricted period lapsed with respect to each vested RSU.

Restrictions or conditions could include, but are not limited to, the attainment of performance goals, continuous service with the Company, the passage of time or other restrictions or conditions determined by the Committee.

Performance Compensation Awards. The Committee has the authority, at the time of grant of any Award described in the 2015 Plan other than stock options and SARs, to designate such Award as a performance compensation award in order to qualify such Award as performance-based compensation under Code Section 162(m). In addition, the Committee has the authority to make an Award of a cash incentive to any Participant and designate such Award as a performance compensation award in order to qualify such Award as performance-based compensation under Code Section 162(m).

The Committee will, in its sole discretion, designate within the first 90 days of a performance period (or, if longer or shorter, within the maximum period allowed under Code Section 162(m)) which Participants will be eligible to receive performance compensation awards. The Committee has full discretion to select the length of the performance period provided any such performance period will not be less than one fiscal quarter in duration, the types of performance compensation awards to be issued, the performance criteria used to establish performance goals, the kinds and/or levels of the performance goals that apply and the performance formula. The maximum performance compensation award payable to any one Participant under the 2015 Plan (excluding any stock options and SARs) is 200,000 shares of Class A common stock. The maximum amount that can be paid in any calendar year to any Participant pursuant to a cash performance compensation award is \$3,000,000.

Performance criteria for purposes of establishing the performance goals for a performance period with respect to any performance compensation award under the 2015 Plan will be based on one or more of the following metrics: (a) net earnings or net income; (b) basic or diluted earnings per share; (c) net revenue or net revenue growth; (d) gross revenue; (e) gross profit; (f) net operating profit; (g) return on assets, capital, invested capital, equity, tangible equity, or tangible common equity; (h) cash flow including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital; (i) earnings before

or after taxes, interest, depreciation and/or amortization; (j) efficiency ratio; (k) improvements in capital structure; (l) budget and expense management; (m) number of customers or accounts; (n) total assets or asset mix; (o) loans or loan mix; (p) deposits; (q) asset quality; (r) credit quality; (s) regulatory exams; (t) audit results; (u) customer satisfaction; (v) share price including, but not limited to, growth measures and total shareholder return; (w) expense targets; (x) operating efficiency; (y) working capital targets; (z) enterprise value; and (aa) completion of acquisitions or business expansion.

Performance criteria may be expressed in any form that the Committee determines, including but not limited to, absolute value, ratio, average, percentage growth, absolute growth, cumulative growth, per share of common stock outstanding, or per full-time equivalent employee. The Committee has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals. In the event that applicable tax and/or securities laws change to permit the Committee discretion to alter the governing performance criteria without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

The Committee may award and administer options and SARs in accordance with the requirements of Code Section 162(m), such that those awards will also qualify as performance-based compensation. These awards will be granted by the Committee, within the maximum number of shares that may be granted to an employee during a specified period and granted at no less than 100% of the fair market value of the stock on the date of grant.

Effect of Certain Events on Awards

In the event of any change in the outstanding shares of common stock by reason of any stock dividend or split, combination or exchange of shares, recapitalization or other change in our capital structure, the Committee shall make such substitution or adjustment as may be deemed equitable as to (a) the number and kind of securities to be delivered under the 2015 Plan, (b) the maximum number or amount of awards that may be granted in a fiscal year, (c) the number and kind of securities subject to outstanding awards, (d) the exercise price of any outstanding stock option or SAR or (e) any other characteristics or terms of the awards as it may determine necessary to preserve the economic intent of Awards outstanding under the 2015 Plan.

In the event of a change of control or merger, reorganization, or other transaction in which we are not the surviving entity (each, a Reorganization Event), the Committee may provide without further consent or agreement by the Participant, that Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation with appropriate adjustments as to the number and kind of shares and prices. To the extent Awards are not assumed by the acquiring or succeeding corporation, the Committee may provide either (a) that outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, prior to or upon consummation of the Reorganization Event and to the extent not exercised, will be terminated in connection with the Reorganization Event) or (b) that outstanding Awards will be terminated in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the Reorganization Event.

For purposes of the 2015 Plan, a change in control generally occurs when (1) any corporation, person or group obtains common stock that represents 50% or more of the Company's voting power; (2) the majority of our Board changes, subject to certain exceptions, over a twelve-month period; or (3) one person, or more than one person acting as a group, acquires or has acquired during the twelve-month period ending on the date of the most recent acquisition, assets with a total gross fair market value equal to or more than 40% of the total gross fair market value of all of our assets immediately before such acquisition.

In the event of a Participant's termination of service without cause or for good reason during the 24-month period following a change in control, all outstanding stock options and SARs will become immediately exercisable, the restricted period will expire immediately with respect to all outstanding shares of restricted stock and RSUs, and all performance goals and other vesting criteria will be deemed achieved at the greater of (i) 100% of target levels and (ii) actual performance as of the date of the change in control, with respect to outstanding performance compensation awards.

Termination of Employment

Unless the applicable award agreement provides otherwise, in the event of a Participant's termination of employment or service due to his or her death or disability, such Participant's stock options and/or SARs (to the extent exercisable at the time of such termination) will remain exercisable until twelve months following such termination (but not beyond the original term of the stock option or SAR) and thereafter will be canceled and forfeited to us. Unless the applicable award agreement provides otherwise, in the event of a Participant's voluntary termination of employment or service (and not due to such participant's death or disability, such participant's stock options and/or SARs (to the extent exercisable at the time of such termination) will remain exercisable until three months following such termination (but not beyond the original term of the stock option or SAR) and thereafter will be canceled and forfeited to us. In the event of a Participant's termination of employment or service for cause, such participant's outstanding stock options and/or SARs will immediately be canceled and forfeited to us.

The vesting and/or forfeiture of any other type of award in connection with a termination of employment or service will be as provided for in the applicable award agreement.

Amendment and Termination

Our Board may amend, alter, suspend or terminate the 2015 Plan provided that no such amendment or termination of the 2015 Plan or amendment of outstanding awards may materially impair the previously accrued rights of any recipient of an award under the 2015 Plan without his or her written consent. However, the Board will be required to obtain approval of the shareholders of any amendment of the Equity Plan that is required approval by law, rule or regulation; or relates to any award intended to qualify for an exemption under Section 162(m) of the Code if such approval is required under Section 162(m) of the Code.

The 2015 Plan will terminate on November 20, 2024, unless the 2015 Plan is terminated earlier by our Board or due to delivery of all shares of common stock available under the 2015 Plan; however, any awards outstanding when the 2015 Plan terminates will remain outstanding until such awards vest, are exercised, terminate or expire.

U.S. Federal Income Tax Consequences

The federal income tax consequences to the Company and to its eligible employees or directors of various awards under the 2015 Plan are complex and subject to change. The following discussion is only a summary of some of the general rules applicable to the 2015 Plan, based on federal income tax laws in effect on the date of this Proxy Statement, and is intended solely for the general information of the shareholders considering how to vote with respect to this proposal and not as tax guidance to participants in the 2015 Plan. This summary is not intended to be exhaustive and does not address all matters that may be relevant to a particular Participant based upon his or her specific circumstances. The summary expressly does not discuss the income tax laws of any state, municipality or non-U.S. taxing jurisdiction, or the gift, estate, excise (including the rules applicable to deferred compensation under Code § 409(A)), or other tax laws other than federal income tax law.

The following is not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. Because individual circumstances may vary, we strongly advise all Participants to consult with their tax advisors concerning the tax implications and treatment of awards granted under the 2015 Plan.

This summary assumes that all awards will be exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation. If an award fails to comply with Section 409A of the Code, the award may be subject to immediate taxation, interest and tax penalties in the year the award vests or is granted.

Stock Options. The grant of stock options under the 2015 Plan will not result in taxable income to the grantee of the option or an income tax deduction for us. However, the transfer of common stock to an option holder upon exercise of his or her options may or may not give rise to taxable income to the option holder and tax deductions for us, depending upon whether the options are incentive stock options or non-qualified options.

Upon the exercise of a non-qualified option by an option holder, such holder will recognize taxable compensation income (which is subject to tax at ordinary rates), and we will recognize a corresponding deduction for compensation paid, equal to the difference, if any, between the fair market value of the shares of common stock acquired by exercising the option, minus the aggregate exercise price paid. Any appreciation or depreciation in the fair market value of those shares after the date of such exercise will generally result in a capital gain or loss to the holder at the time he or she disposes of those shares, long-term if the holder holds those shares for more than a year after the date of exercising the option.

In general, the exercise of an incentive stock option is exempt from income tax (although not from the alternative minimum tax) and does not result in a tax deduction for us if the holder has been an employee of ours at all times beginning with the option grant date and ending three months before the date the holder exercises the option (or twelve months in the case of termination of employment due to disability). If the holder has not been so employed during that time, the holder will be taxed as described above for nonqualified stock options. If the option holder disposes of the shares purchased more than two years after the incentive stock option was granted and more than one year after the option was exercised, then the option holder will recognize any gain or loss upon disposition of those shares as capital gain or loss. However, if the option holder disposes of the shares prior to satisfying these holding periods (known as disqualifying dispositions), the option holder will be obligated to report as taxable ordinary income for the year in which that disposition occurs the lesser of (1) the fair market value of the shares at the date of exercise minus the exercise price, or (2) the amount realized upon the disposition of the shares minus the exercise price. The Company would be entitled to a tax deduction equal to that amount of ordinary income reported by the option holder. Any additional gain realized by the option holder on the disqualifying disposition of the shares would be capital gain. If the total amount realized in a disqualifying disposition is less than the exercise price of the incentive stock option, the difference would be a capital loss for the option holder. Such capital gain or loss would be long-term if the holder holds those shares for more than a year after the date of exercising the option.

Stock Appreciation Rights and Restricted Stock Units. The granting of SARs and RSUs does not result in taxable income to the recipient or a tax deduction for us. Upon exercise of an SAR or the settlement of an RSU, the amount of any cash the participant receives and the fair market value of any common stock received are taxable to the participant as ordinary income and such amount will be deductible by the Company.

Restricted Stock. Unless an election is made by the recipient under Section 83(b) of the Code, a participant will not recognize any taxable income upon the award of shares of restricted stock that are not transferable and are subject to a substantial risk of forfeiture. Dividends paid with respect to restricted stock prior to the lapse of restrictions applicable to that stock will be taxable as compensation income to the participant. Generally the participant will recognize taxable ordinary income at the first time those shares become transferable or are no longer subject to a substantial risk of forfeiture, in an amount equal to the fair market value of those shares when the restrictions lapse, less any amount paid with respect to the award of restricted stock. The recipient's tax basis will be equal to the sum of the amount of ordinary income recognized upon the lapse of restrictions and any amount paid for such restricted stock. The recipient's holding period will commence on the date on which the restrictions lapse.

As indicated above, a participant may elect, under Section 83(b) of the Code, to recognize taxable ordinary income upon the award date of restricted stock (rather than being taxed as described above) based on the fair market value of the shares of common stock subject to the award on the date of the award. If a participant makes that election, any dividends paid with respect to that restricted stock will not be treated as compensation income, but rather as dividend income, and the participant will not recognize additional taxable income when the restrictions applicable to his or her restricted stock award lapse. Assuming compliance with the applicable tax withholding and reporting requirements, the Company will be entitled to a tax deduction equal to the amount of ordinary income recognized by a participant in connection with his or her restricted stock award in the taxable year in which that participant recognizes that ordinary income.

Performance Compensation Awards. The granting of a performance compensation awards (whether payable in shares or cash) generally should not result in the recognition of taxable income by the recipient or a tax deduction by us. The payment or settlement of these awards should generally result in immediate recognition of taxable ordinary income by the recipient equal to the amount of any cash paid or the then-current fair market value of the shares of common stock received, and a corresponding tax deduction by the Company. If the shares covered by the award are not transferable and are subject to a substantial risk of forfeiture, the tax consequences to the participant and the Company will be similar to the tax consequences of restricted stock awards described above. If the award consists of unrestricted shares of common stock, the recipient of those shares will immediately recognize as taxable ordinary income the fair market value of those shares on the date of the award, and the Company will be entitled to a corresponding tax deduction.

Section 162(m) of the Code. Code Section 162(m) generally allows the Company to obtain tax deductions without limit for performance-based compensation paid to the CEO and any of the Company's other listed officers (other than the CFO or any officer not subject to U.S. income tax). The Company intends that options, stock appreciation rights and performance compensation awards granted under the 2015 Plan will qualify as performance-based compensation not subject to Section 162(m)'s \$1 million deductibility cap. A number of requirements must be met in order for particular compensation to so qualify, however, so there can be no assurance that such compensation under the 2015 Plan will be fully deductible under all circumstances. In addition, other awards under the 2015 Plan may not qualify as performance-based compensation under Section 162(m), and therefore compensation paid to executive officers in connection with such awards may not be deductible.

Miscellaneous

A new benefits table (as required under applicable rules and regulations of the SEC) is not provided in this Proxy Statement because no grants have been made under the 2015 Plan and all Awards are discretionary.

Approval by Stockholders

In order to be adopted, the 2015 Plan must be approved by the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the annual meeting. This means that the 2015 Plan will be adopted if the votes cast by shareholders in favor of approval exceed those votes cast in opposition of approval.

The Board recommends a vote FOR approval of the

First Interstate BancSystem, Inc. 2015 Equity and Incentive Plan.

PROPOSAL FOUR

RATIFICATION OF APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

McGladrey LLP was appointed by the audit committee of the Board as our independent registered public accounting firm for the year ending December 31, 2015. The audit committee recommended that the Board ratify this appointment.

The Board ratified the appointment of McGladrey LLP as our independent registered public accounting firm for the year ending December 31, 2015 and is submitting the appointment to our shareholders for ratification at the annual meeting. No representatives of McGladrey LLP are expected to be present at the annual meeting.

Proxies solicited hereby will be voted for the proposal unless a vote against the proposal or abstention is specifically indicated. A majority of the shares entitled to vote and present in person or represented by proxy are needed to ratify the appointment of the independent registered public accounting firm. This means that the appointment of McGladrey LLP as the independent registered public accounting firm for the Company will be ratified if the votes cast by shareholders in favor of ratification exceed those votes cast in opposition of ratification.

The Board recommends a vote FOR ratifying the appointment of McGladrey LLP as

our independent registered public accounting firm.

IMPORTANT NOTE REGARDING CERTAIN INFORMATION

CONTAINED IN THIS PROXY STATEMENT

Unless otherwise indicated, all information relating to shares of our common stock contained in this proxy statement under Security Ownership of Certain Beneficial Owners and Management, Compensation Discussion and Analysis and Compensation of Executive Officers and Directors, including stock options, restricted shares and per share information, gives effect to the recapitalization of our previously-existing common stock which occurred on March 5, 2010, and which, among other things, redesignated our previously-existing common stock as Class B common stock and created a new class of common stock designated as Class A common stock.

SECURITY OWNERSHIP OF

CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of March 16, 2015 for (i) each of our directors and director nominees, (ii) each of the executive officers named in the summary compensation table, (iii) all directors and executive officers as a group, and (iv) beneficial owners of more than 5% of a class of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Percentage of class beneficially owned as of March 16, 2015 is based on 21,585,683 shares of Class A common stock and 23,834,272 shares of Class B common stock outstanding. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of each class of common stock subject to options held by that person that were exercisable on or within 60 days of March 16, 2015. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. In computing the number of shares of Class A common stock beneficially owned by a person and the percentage of Class A common stock ownership of that person, we assumed the conversion of any Class B common stock beneficially owned by such person into Class A common stock on a share-for-share basis.

Certain of our directors and greater than 5% shareholders, who own collectively and in the aggregate more than 50% of our outstanding common stock, are members of a group, as that term is defined in Section 13(d)(3) of the Exchange Act. This group is comprised of the following individuals and certain entities controlled by these individuals: James R. Scott, Randall I. Scott, Thomas W. Scott, John M. Heyneman, Jr. and Homer A. Scott, Jr.

Unless otherwise noted below, the address for each director, director nominee, named executive officer and beneficial owner of more than 5% of a class of our common stock listed in the table below is: c/o First Interstate BancSystem, Inc., 401 North 31st Street, Billings, Montana 59116.

[The remainder of this page intentionally left blank.]

BENEFICIAL OWNERSHIP TABLE

Name of Beneficial Owner	Class A Common Stock Beneficially Owned		Class B Common Stock Beneficially Owned	
	Number	Percent	Number	Percent
Directors and nominees for director				
Randall I. Scott ⁽¹⁾	5,440,962	20.1%	5,427,810	