

FIRST INTERSTATE BANCSYSTEM INC
Form DEF 14A
March 30, 2012

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 23, 2012

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

NOTICE IS HEREBY GIVEN that the 2012 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 23, 2012, 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 ratify the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the year ending December 31, 2012;
 3. 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, 2012 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,

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

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

BY ORDER OF THE BOARD OF DIRECTORS

/s/ THOMAS W. SCOTT

Thomas W. Scott

Chairman of the Board of Directors

Billings, Montana

March 30, 2012

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.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=40016 on or about March 30, 2012. 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 23, 2012. 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 March 31, 2012. 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, 2012.

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

As of the record date, there were 16,717,456 shares of Class A common stock outstanding and entitled to vote and 26,451,088 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 in 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.proxyvote.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?

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 ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the year ending December 31, 2012.

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

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

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 and FOR the ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the year ending December 31, 2012.

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 Two to ratify the appointment of our independent registered public accounting firm. Proposal One to elect the director nominees is a non-routine matter. Therefore, if we receive a proxy card with a broker non-vote, your proxy will not be included in determining the number of votes cast with regard to Proposal One. 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 ratify the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the year ending December 31, 2012, 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. Lyle R. Knight's and Julie A. Scott's terms end May 23, 2012. Lyle R. Knight and Julie A. Scott are not nominees for re-election.

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:

Edward Garding

David L. Jahnke

Ross E. Leckie

James R. Scott

Randall I. Scott

Teresa A. Taylor

All of the director nominees, except for Edward Garding and Randall I. Scott, are current members of the Board. Randall I. Scott previously served as a director of ours from May 1993 to May 2002 and May 2003 to May 2011.

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 table sets forth certain information regarding the nominees for election at the annual meeting and the directors continuing in office after the annual meeting.

BOARD OF DIRECTOR NOMINEES

FOR A THREE-YEAR TERM EXPIRING IN 2015

Name and Age	Director Since	Principal Occupation
Edward Garding, 62	Nominee	Executive Vice President and Chief Operating Officer, First Interstate BancSystem, Inc.
David L. Jahnke, 58	2011	Retired Partner, KPMG
Ross E. Leckie, 54	2009	Executive Vice President, Allianz SE

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

James R. Scott, 62	1971	Vice Chairman of the Board, First Interstate BancSystem, Inc.
Randall I. Scott, 58	2003-2011 1993-2002	Managing General Partner, Nbar5 Limited Partnership
Teresa A. Taylor, 48	2012	Retired Chief Operating Officer, Qwest Communications

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, 59	2008	2014	President and Chief Executive Officer, Corning Companies
David H. Crum, 67	2001	2013	President and Chief Executive Officer, Crum Electric Supply, Co., Inc.
William B. Ebzery, 62	2001	2013	Owner, Cypress Capital Management, LLC and Certified Public Accountant
Charles E. Hart, M.D., M.S., 62	2008	2014	President and Chief Executive Officer, Regional Health, Inc.
James W. Haugh, 75	1997	2014	Financial Consultant and Founder, American Capital, LLC
Charles M. Heyneman, 51	2011	2014	Lead Enterprise Architect, First Interstate Bank
John M. Heyneman, Jr., 45	2010	2013	Project Manager, Partnership for Wyoming's Future
Terry W. Payne, 70	2000	2013	President and Chief Executive Officer, Terry Payne & Co., Inc.
Sandra A. Scott Suzor, 53	2007	2013	Partner and Director of Sales and Marketing, Powder Horn Ranch and Golf Club
Thomas W. Scott, 68	1971	2014	Chairman of the Board, First Interstate BancSystem, Inc.
Michael J. Sullivan, 72	2003	2014	Senior Attorney, Rothgerber Johnson & Lyons, LLP

PROPOSAL TWO**RATIFICATION OF APPOINTMENT OF****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

McGladrey & Pullen, LLP was appointed by the audit committee of the Board as our independent registered public accounting firm for the year ending December 31, 2012. The audit committee recommended that the Board ratify this appointment.

The Board ratified the appointment of McGladrey & Pullen, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2012 and is submitting the appointment to our shareholders for ratification at the annual meeting. Representatives of McGladrey & Pullen, LLP are not 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 appoint an independent registered public accounting firm. This means that the appointment of McGladrey & Pullen, LLP as 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 & Pullen, LLP as the Company's 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, (1) redesignated our previously-existing common stock as Class B common stock, (2) effected a 4:1 forward stock split of Class B common stock, and (3) 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 26, 2012 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 26, 2012 is based on 16,745,961 shares of Class A common stock and 26,433,001 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 26, 2012. 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 Securities Exchange Act of 1934, as amended, or 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., Homer A. Scott, Jr. and Dan S. Scott.

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				
James R. Scott ⁽¹⁾	5,083,773	23.3%	5,057,339	19.1%
Randall I. Scott ⁽²⁾	4,433,936	21.0	4,424,288	16.7
Thomas W. Scott ⁽³⁾	2,784,151	14.3	2,761,075	10.4
John M. Heyneman, Jr. ⁽⁴⁾	1,757,825	9.5	1,752,759	6.6
Julie A. Scott ⁽⁵⁾	998,672	5.6	995,776	3.8
Lyle R. Knight ⁽⁶⁾	726,976	4.2	720,032	2.7
Sandra A. Scott Suzor ⁽⁷⁾	432,474	2.5	417,752	1.6
Edward Garding ⁽⁸⁾	212,114	1.3	88,117	*
Terry W. Payne ⁽⁹⁾	176,934	1.0	173,096	*
Charles M. Heyneman ⁽¹⁰⁾	171,630	1.0	167,214	*
William B. Ebzery ⁽¹¹⁾	149,106	*	137,860	*
David H. Crum ⁽¹²⁾	69,679	*	18,272	*
James W. Haugh ⁽¹³⁾	53,796	*	50,900	*
Michael J. Sullivan ⁽¹⁴⁾	38,304	*	35,408	*
Ross E. Leckie ⁽¹⁵⁾	27,140	*	17,432	*
Steven J. Corning ⁽¹⁶⁾	18,104	*	15,208	*
Charles E. Hart, M.D., M.S. ⁽¹⁷⁾	15,814	*	4,464	*
David L. Jahnke	4,748	*		*
Teresa A. Taylor	290	*		*
Named executive officers who are not directors				
Terrill R. Moore ⁽¹⁸⁾	212,176	1.3	122,849	*
Robert M. Cerkovnik ⁽¹⁹⁾	46,271	*	26,988	*
All executive officers and directors as a group (22 persons)⁽²⁰⁾	13,122,175	44.6	12,657,537	46.3
5% or greater security holders				
First Interstate Bank ⁽²¹⁾	7,583,617	33.4	5,959,387	22.5
Homer A. Scott, Jr. ⁽²²⁾	2,792,657	14.3	2,763,837	10.5
Dan S. Scott ⁽²³⁾	1,733,808	9.4	1,733,808	6.6
Heartland Advisors, Inc. ⁽²⁴⁾	1,258,657	7.7		*
789 North Water Street Milwaukee, WI 53202				
Legg Mason Capital Management, Inc. ⁽²⁵⁾	1,198,241	7.3		*
100 International Drive Baltimore, MD 21202				
FMR LLC ⁽²⁶⁾	1,021,080	6.3		*
82 Devonshire Street Boston, MA 02109				
Jonathan R. Scott ⁽²⁷⁾	981,964	5.5	977,511	3.7

* Less than 1% of the class of common stock outstanding.

- (1) Includes 2,211,036 Class B shares owned beneficially as managing partner of J.S. Investments Limited Partnership, 35,240 Class B shares owned beneficially as president of the James R. and Christine M. Scott Family Foundation, 75,852 Class B shares owned beneficially as conservator for a Scott family member, 4,324 Class B shares owned beneficially as trustee for a Scott family member, 362,216 Class B shares and 8,670 Class A shares owned beneficially as a board member of Foundation for Community Vitality, a non-profit organization, 17,764 Class A shares owned through our profit sharing plan and 9,736 Class B shares issuable under stock options.
- (2) Includes 3,795,676 Class B shares owned beneficially as managing general partner of Nbar5 Limited Partnership, 45,196 Class B shares owned beneficially as general partner of Nbar5 A Limited Partnership, 429,180 Class B shares owned beneficially as trustee for Scott family members, 9,648 Class A shares owned through our profit sharing plan and 7,300 Class B shares issuable under stock options. Mr. Scott is a director nominee.
- (3) Includes 23,076 Class A shares owned through our profit sharing plan and 40,608 Class B shares issuable under stock options.
- (4) Includes 1,155,792 Class B shares owned beneficially as managing general partner of Towanda Investments, Limited Partnership, 429,180 Class B shares owned beneficially as trustee for Scott family members and 5,066 Class A shares issuable under stock options.
- (5) Includes 58,832 Class B shares owned beneficially as trustee for Scott family members, 27,320 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options. Ms. Scott's term as a director ends May 23, 2012. Ms. Scott is not a nominee for re-election.
- (6) Includes 6,944 Class A shares owned through our profit sharing plan and 378,800 Class B shares issuable under stock options. Mr. Knight's term as a director ends May 23, 2012. Mr. Knight is not a nominee for re-election.
- (7) Includes 118,898 Class B shares owned beneficially for Scott family members and for which Ms. Suzor has sole voting and no investment authority, 21,158 Class B shares owned beneficially for a Scott family member and for which Ms. Suzor has shared voting and no investment authority, 1,410 Class A shares owned beneficially for a Scott family member and for which Ms. Suzor has shared voting and no investment authority, 6,384 Class B shares issuable under stock options and 4,388 Class A shares issuable under stock options.
- (8) Includes 19,056 Class A shares owned through our profit sharing plan, 3,496 Class A share issuable under stock options and 82,241 Class B shares issuable under stock options. Mr. Garding is a director nominee.
- (9) Includes 30,112 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (10) Includes 3,492 Class A shares owned through our profit sharing plan and 10,196 Class B shares owned beneficially for Scott family members and for which Mr. Heyneman has sole voting and no investment authority.
- (11) Includes 18,250 Class B shares owned through a family limited partnership, 31,040 Class B shares issuable under stock options and 5,066 Class A shares issuable under stock options.
- (12) Includes 49,435 Class A shares held in trust for Crum family members, 18,272 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (13) Includes 15,836 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (14) Includes 15,836 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (15) Includes 1,960 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (16) Includes 4,464 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (17) Includes 4,464 Class B shares issuable under stock options and 1,972 Class A shares issuable under stock options.
- (18) Includes 16,572 Class A shares owned through our profit sharing plan, 3,114 Class A shares issuable under stock options and 114,324 Class B shares issuable under stock options.

- (19) Includes 5,248 Class A shares owned through our profit sharing plan, 1,056 Class A shares issuable under stock option plans and 25,200 Class B shares issuable under stock options.
- (20) Includes 98,940 Class A shares owned through our profit sharing plan, 40,732 Class A shares issuable under stock options and 896,846 Class B shares issuable under stock options.
- (21) Includes 1,616,558 Class A shares that may be deemed to be beneficially owned as trustee of our profit sharing plan, 7,672 Class A shares that may be deemed to be beneficially owned as trustee for Scott family members and 5,959,387 Class B shares that may be deemed to be beneficially owned as trustee for Scott family members. Shares owned beneficially by First Interstate Bank, as trustee, may also be owned beneficially by participants in our profit sharing plan and certain Scott family members.
- (22) Includes 27,410 Class A shares owned through our profit sharing plan.
- (23) Includes 1,168,000 Class B shares owned beneficially as managing general partner for various Scott family partnerships.
- (24) Based solely on Amendment No. 1 to Schedule 13G filed with the SEC on February 10, 2012, and prepared as of December 31, 2011. The shares are owned by Heartland Advisors, Inc., or Heartland, an investment advisor, and William J. Nasgovitz, by virtue of his control of Heartland. Heartland reported that it may be deemed to beneficially own the shares shown that are held by its clients who have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares. Beneficial ownership includes 824,300 shares owned by the Heartland Select Value Fund, a series of the Heartland Group, Inc. and a registered investment company.
- (25) Based solely on Amendment No. 1 to Schedule 13G filed with the SEC on February 14, 2012, and prepared as of December 31, 2011. Legg Mason Capital Management, Inc., or LMCM, an investment advisor, reported that it may be deemed to beneficially own the shares shown that are held by its clients who have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares. Beneficial ownership includes 942,300 Class A shares owned by Legg Mason Capital Management Special Investment Trust, Inc., an investment company managed by LMCM.
- (26) Based solely on a Schedule 13G filed with the SEC on February 14, 2012, and prepared as of December 31, 2011.
- (27) Includes 119,078 Class B shares owned beneficially as co-trustee for Scott family members, 10,010 Class B shares issuable under stock options and 767 Class A shares issuable under stock options.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information, as of December 31, 2011, regarding our equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans ⁽¹⁾
Equity compensation plans approved by shareholders ⁽²⁾	3,484,928	\$ 16.26	854,739
Equity compensation plans not approved by shareholders	NA	NA	NA

(1) Excludes number of securities to be issued upon exercise of outstanding options, warrants and rights.

(2) Represents stock options issued pursuant to the 2001 Stock Option Plan and 2006 Equity Compensation Plan. See Note 18, (Stock-based Compensation) of our audited financial statements for the fiscal year ended December 31, 2011 included in our annual report on Form 10-K.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information concerning each of our current directors, director nominees and executive officers.

Name	Age	Position
Thomas W. Scott	68	Chairman of the Board
James R. Scott	62	Vice Chairman of the Board
Lyle R. Knight ⁽¹⁾	66	President, Chief Executive Officer and Director
Edward Garding	62	Executive Vice President, Chief Operating Officer and Director Nominee
Terrill R. Moore	59	Executive Vice President and Chief Financial Officer
Robert M. Cerkovnik	53	Senior Vice President and Chief Credit Officer
Kevin J. Guenthner	48	Senior Vice President and Chief Information Officer
Michael G. Huston	44	Executive Vice President
Steven J. Corning	59	Director
David H. Crum	67	Director
William B. Ebzery	62	Director
Charles E. Hart, M.D., M.S.	62	Director
James W. Haugh	75	Director
Charles M. Heyneman	51	Director
John M. Heyneman, Jr.	45	Director
David L. Jahnke	58	Director
Ross E. Leckie	54	Director
Terry W. Payne	70	Director
Julie A. Scott ⁽¹⁾	39	Director
Randall I. Scott	58	Director Nominee
Michael J. Sullivan	72	Director
Sandra A. Scott Suzor	53	Director
Teresa A. Taylor	48	Director

⁽¹⁾ Term expires May 23, 2012. Not a nominee for re-election.

Thomas W. Scott has been our chairman since January 2004 and a director since 1971. He began his employment with the Company in 1969. Mr. Scott served as our chief executive officer from 1978 through 2003. In addition, Mr. Scott has been a director of First Interstate Bank since January 2002, serving as chairman of the Board from 2004 to 2011, and was chairman of the Board of First Western Bank and The First Western Bank Sturgis from January 2008 until they were merged into First Interstate Bank in September 2009. Mr. Scott has also served as a director of First Interstate BancSystem Foundation since 1990 and was a member of the Federal Reserve Bank Board of Minneapolis from 2007 to 2009. Mr. Scott also serves as chairman of Leadership Montana. Mr. Scott received his Bachelor of Arts degree in Economics from the University of Wyoming. Mr. Scott is the brother of James R. Scott, the father of Julie A. Scott and the uncle of Charles M. Heyneman, John M. Heyneman, Jr., Randall I. Scott and Sandra A. Scott Suzor.

The qualifications of Mr. Scott identified by the Board include the following: Mr. Scott has significant executive management and business experience as a result of his years of service in top executive management positions with the Company and other family-related businesses, as well as his service on other corporate boards. Mr. Scott has extensive knowledge of the economies of our region and communities the Company serves and over the years has exercised community leadership positions. He also has extensive knowledge of the Company's unique challenges, regulatory environment and history.

James R. Scott has been a director of ours since 1971 and the vice chairman of the Board since 1990. Mr. Scott has served as a director of First Interstate Bank since 2007, serving as chairman since 2011. In addition, Mr. Scott served as a director of First Western Bank and The First Western Bank Sturgis from January 2008 to September 2009. Mr. Scott is chairman of the Padlock Ranch Corporation, chairman of Scott Family Services, Inc., managing partner of J.S. Investments and vice president of the Foundation for Community Vitality. Mr. Scott also served as chairman of the Homer A. and Mildred S. Scott Foundation from 1990 to 2006. Mr. Scott is the brother of Thomas W. Scott, and the uncle of Charles M. Heyneman, John M. Heyneman, Jr., Julie A. Scott, Randall I. Scott and Sandra A. Scott Suzor.

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

Lyle R. Knight has been our chief executive officer since January 2004, our president since 1998 and was the chief operating officer of First Interstate Bank from 1998 to 2003. Mr. Knight has also served as a director of ours, First Interstate Bank and First Interstate BancSystem Foundation since 1998. In addition, Mr. Knight served as chief executive officer and a director of First Western Bank and The First Western Bank Sturgis from January 2008 to September 2009. Prior to working for us, Mr. Knight was president and chief executive officer of a large multi-branch bank in Nevada and the president of a large Arizona-based bank. Mr. Knight serves as vice president of the National Executive Board of the Boy Scouts of America. He also serves as chairman of Billings Clinic, is a director of the Montana Chamber of Commerce Foundation, is a trustee for the University of Montana Foundation and is a member of the University of Wyoming College of Business Advisory Council. Mr. Knight is a past member of the Federal Reserve Board Advisory Committee. He received his Bachelor of Science degree in Banking and Finance from the University of Utah and is an honors graduate of the Pacific Coast Banking School. Mr. Knight plans to retire as our chief executive officer effective April 1, 2012. Mr. Knight's term as a director ends May 23, 2012. Mr. Knight is not a nominee for re-election.

The qualifications of Mr. Knight identified by the Board include the following: Mr. Knight has significant executive management and business experience including his years of service to the Company and other banking institutions. Mr. Knight has extensive knowledge of key issues, dynamics and trends affecting the Company, its business and the banking industry in general. He also provides strategic insight and direction to the Company.

Edward Garding is a director nominee. Mr. Garding has been our chief operating officer since August 2010 and has served as an executive vice president of ours since January 2004. Mr. Garding was named to succeed Lyle R. Knight as our chief executive officer beginning in April 2012. Mr. Garding served as our chief credit officer from 1999 to August 2010, senior vice president from 1996 through 2003, president of First Interstate Bank from 1998 to 2001 and president of the Sheridan branch of First Interstate Bank from 1988 to 1996. In addition, Mr. Garding has served as a director of First Interstate Bank since 1998 and a director of First Western Bank and The First Western Bank of Sturgis from January 2008 to September 2009. Prior to joining our management team in 1996, Mr. Garding served in various positions within our company since 1971. He received his Bachelor of Science degree in Business from Montana State University-Billings. Mr. Garding serves as chairman of the Montana Bankers Association, is a board member of the Montana State University-Billings School of Business and is past chairman and board member of the Pacific Coast Banking School.

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

Terrill R. Moore has been an executive vice president of ours since January 2004 and our chief financial officer since 1989. In addition, Mr. Moore has served as a director of First Interstate Bank since 2001 and a director of First Western Bank and The First Western Bank Sturgis from January 2008 to September 2009. Prior to his current appointments, Mr. Moore was our senior vice president from 1989 through 2003. Prior to joining our management team, Mr. Moore served as controller within our company since 1979. Mr. Moore received his Bachelor of Arts degree in Business from Montana State University. He is a certified public accountant. Mr. Moore is a director of St. Vincent Healthcare and Yellowstone Boys & Girls Ranch Foundation. Mr. Moore is a past chairman of the Montana Board of Investments.

Robert M. Cerkovnik has been a senior vice president of ours since February 2008 and our chief credit officer since September 2010. Prior to that time, Mr. Cerkovnik served as senior credit officer and credit department manager since February 2003 and served in various credit-related positions since September 1996. Prior to working for us, Mr. Cerkovnik served in credit and lending positions with Wells Fargo and First Interstate Bank of California since 1984. Mr. Cerkovnik received his Bachelor of Science degree in Business from the University of Montana. Mr. Cerkovnik is a graduate of Pacific Coast Banking School. He also serves as a board member of the Billings Catholic Foundation Board.

Kevin J. Guenther has been a senior vice president and chief information officer of ours since March of 2003. In addition, Mr. Guenther has served on the board of First Interstate Bank since March 2012. Prior to his current position, Mr. Guenther served as our vice president and general auditor from September 1996 to March 2003, and in various internal audit positions from January 1991 to September 1996. Prior to employment with us, Mr. Guenther was employed as a bank examiner for the State of Montana from January 1989 to January 1991. Mr. Guenther has a Bachelor of Science degree in Business with an Accounting major from Montana State University and is an honors graduate of the Pacific Coast Banking School.

Michael G. Huston has been our executive vice president and chief banking officer since March 2012. Prior to his current position, Mr. Huston served as a regional president of First Interstate Bank from 2010 to 2012, market president from 2008 to 2010, and in various lending positions within our Company since 1990. Mr. Huston currently serves as president of the United Way of Natrona County board, president of the Casper Board of Public Utilities, vice chairman of the Amoco Reuse Joint Powers board, and serves on the boards of the Casper Area Economic Development Alliance, Casper College Foundation and the Boys and Girls Club of Central Wyoming. Mr. Huston received his Bachelor of Science degree in Finance from Arizona State University and is a graduate of the Pacific Coast Banking School.

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

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

David H. Crum has been a director of ours since 2001. Mr. Crum founded Crum Electric Supply Co., Inc., a distributor of electrical equipment, in 1976 and has been president and chief executive officer of that company since its inception. Mr. Crum has also served on the board of directors of various companies including IDEA, Inc., a data exchange technology company, supplyFORCE, Inc., a logistics technology company, and WESTECH, Inc., a manufacturer of mining equipment. He has also served on the board of directors of First Interstate Bank of Wyoming, N.A. Mr. Crum was a director of the National Association of Electrical Distributors and was chairman of its board. He also was appointed by Wyoming's governor to the board of the Wyoming Business Council on which he served as chairman. Mr. Crum received his Bachelor of Science degree in Electrical Engineering from the University of Wyoming.

The qualifications of Mr. Crum identified by the Board include the following: Mr. Crum has significant experience in executive management and business ownership as a result of his years of service in the electric supply business particularly from the standpoint of a regional small business owner. Mr. Crum also has extensive knowledge in information technology. By virtue of the regional nature of his business operation, he also understands the economies of our region and the communities the Company serves. Mr. Crum qualifies as an independent director and is chairman of the technology committee.

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

The qualifications of Mr. Ebzery identified by the Board include the following: Mr. Ebzery has significant experience in business ownership, accounting, auditing and financial services as a result of his years of service in the private sector. Mr. Ebzery has significant knowledge in key issues, dynamics and trends that affect the Company. Mr. Ebzery qualifies as a financial expert, is an independent director and is chairman of the credit committee.

Charles E. Hart, M.D., M.S. has been a director of ours since 2008. Dr. Hart has been the president and chief executive officer of Regional Health, Inc., a not-for-profit healthcare system serving western South Dakota and eastern Wyoming since 2003. Dr. Hart is a board member of Premier Inc., a healthcare purchasing organization, composed of 2,400 hospitals and 70,000 healthcare sites, and chairman of the board of Safety Net Hospitals for Pharmaceutical Access, an advocacy group for over 600 hospitals and healthcare organizations serving the underprivileged. In addition, Dr. Hart serves on the South Dakota Chamber of Commerce board, Black Hills Vision board, Rapid City Economic Development board, South Dakota Foundation for Medical Care board, and is a member of the Black Hills State University advisory board. Dr. Hart is also a faculty member of the University of South Dakota Sanford School of Medicine. Dr. Hart received his Bachelor of Science degree in Preprofessional Studies from the University of Notre Dame and his Doctor of Medicine degree from the University of Minnesota and his Masters of Science in Administrative & Preventative Medicine from the University of Wisconsin.

The qualifications of Dr. Hart identified by the Board include the following: In addition to his understanding of community needs in the practice of medicine, Dr. Hart has significant experience in executive management and business as a result of years of administrative service in the health care industry as well as service on other community boards. Dr. Hart has extensive knowledge in key issues, dynamics and trends that affect the Company and understands the economies of our region and communities the Company serves. Dr. Hart brings geographic diversity to the Board. Dr. Hart is chairman of the compensation committee.

James W. Haugh has been a director of ours since 1997. Mr. Haugh formed American Capital, LLC, a financial consulting firm, in 1994 and has operated this firm since its inception. Prior to forming American Capital LLC, Mr. Haugh was a partner in KPMG LLP, a certified public accounting firm where he served as national practice director, bank tax services. Mr. Haugh was employed by KPMG, LLP for 26 years, including 21 years as a partner. Since January 2010, he has been an advisor to a national CPA firm, is currently a director of Ironbridge Funds, a public \$1.4 billion mutual fund, and is also a director of several privately held companies. Mr. Haugh served as a director of Harris Bank Hinsdale from 1994 to 1997 and as a director of First Bank of the Americas in 2004. He has also served as an instructor in banking, tax, and accounting matters for the Office of the Comptroller of the Currency, The Federal Reserve Bank of Chicago, the Federal Deposit Insurance Corporation, the United States Agency for International Development and the American Bankers Association. Mr. Haugh received his Bachelor of Arts degree in Economics Cum Laude from Princeton University and his Juris Doctor degree from the University of Michigan. He has done postgraduate work at the University of Chicago in Law and Economics.

The qualifications of Mr. Haugh identified by the Board include the following: Mr. Haugh has significant experience in the accounting, legal and financial consulting industries as a result of his years of service in those industries. Mr. Haugh possesses extensive knowledge of the fiduciary obligations and other legal requirements and duties of public companies as well as a particular knowledge of the banking industry gained by prior consulting and broad experience. He also brings geographic diversity to the Board. Mr. Haugh qualifies as a financial expert and is an independent director.

Charles M. Heyneman has been a director of ours since May 2011. Mr. Heyneman has served as lead enterprise architect for First Interstate Bank since 2006. Prior to this appointment, Mr. Heyneman was an IT project manager and application developer for i_Tech Corporation, a former nonbank subsidiary of ours, from 2000 to 2004, and held loan review officer and credit analyst positions with First Interstate Bank from 1993 to 2003. Mr. Heyneman served as a director of ours from 2004 to 2010. Mr. Heyneman received his Bachelor of Arts degrees in History and Government from Oberlin College and his Masters of Science degree in Agricultural Economics from the University of Wisconsin. Mr. Heyneman is a director of First Interstate BancSystem Foundation. Mr. Heyneman is the nephew of James R. Scott and Thomas W. Scott, the brother of John M. Heyneman, Jr. and the cousin of Julie A. Scott, Randall I. Scott and Sandra A. Scott Suzor.

The qualifications of Mr. Heyneman identified by the Board include the following: Mr. Heyneman has significant banking, information technology and banking operations experience as a result of his years of service to the Company and other family-related businesses. Mr. Heyneman also possesses knowledge of the Company's unique challenges, regulatory environment and history.

John M. Heyneman, Jr. has been a director of ours since May 2010. Mr. Heyneman is based in Sheridan, Wyoming as a project manager for the Partnership for Wyoming's Future, which is a program of the Sonoran Institute, a non-profit organization based in Tucson, Arizona. Mr. Heyneman has served in this capacity since November 2009. From 2005 to November 2009, Mr. Heyneman served as the general manager of North Rim Ranch, LLC, a large cattle ranch in northern Arizona and southern Utah. Prior to this position, from 1998 to 2005, Mr. Heyneman served as an assistant manager at Padlock Ranch, in Dayton, Wyoming. Mr. Heyneman served as a director of ours from 1998 to 2004, and also as a director of the First Interstate BancSystem Foundation from 1998 to 2002. Mr. Heyneman received his Bachelor of Arts degree in American Studies from Carleton College. Mr. Heyneman is the nephew of James R. Scott and Thomas W. Scott, the brother of Charles M. Heyneman and the cousin of Julie A. Scott, Randall I. Scott and Sandra A. Scott Suzor.

The qualifications of Mr. Heyneman identified by the Board include the following: Mr. Heyneman brings to the Board executive management and business experience from the agriculture industry. Mr. Heyneman understands the economies of the region and communities the Company serves. Mr. Heyneman also possesses knowledge of the Company's unique challenges, regulatory environment and history as a result of his years of service to the Company.

David L. Jahnke has been a director of ours since September 2011. Mr. Jahnke is a certified public accountant. In 2010, Mr. Jahnke completed a 35-year career as a partner of KPMG with a focus on global clients, especially in the financial services industry. He currently serves as a director to Swiss Re America Holding Corporation and its primary US operating companies, a multi-billion dollar insurance and reinsurance company.

The qualifications of Mr. Jahnke identified by the Board include the following: Mr. Jahnke has significant experience in the accounting, auditing and financial service industries, both nationally and internationally. Mr. Jahnke has extensive knowledge in the key issues, dynamics and trends affecting the Company, its business and the banking industry in general. He has extensive knowledge regarding fiduciary obligations, insurance and other legal requirements and duties of a public company. Mr. Jahnke qualifies as a financial expert and an independent director.

Ross E. Leckie has been a director of ours since May 2009. Mr. Leckie is a certified public accountant. In October 2008, Mr. Leckie completed a 27-year career as a partner with KPMG. During that time, his focus was on public companies and clients within the financial services sector. Since 2000, Mr. Leckie was based in Frankfurt, Germany, as the lead partner for a major global investment/universal bank and as a senior technical and quality review partner for a major global investment/universal bank based in Zurich, Switzerland. Through 2011, Mr. Leckie continued to provide advisory services on a selective basis for global and domestic financial services companies. In September 2011, Mr. Leckie joined Allianz, a multi-billion dollar financial services group based in Munich, Germany, taking on consultive and quality assurance roles in the office of the chief financial officer. Additionally, in February 2012 Mr. Leckie joined the board of directors of Allianz Bank Bulgaria, a \$2 billion universal commercial bank based in Sofia.

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

Terry W. Payne has been a director of ours since 2000. Mr. Payne has served as president and chief executive officer of Terry Payne & Co., Inc., an insurance agency, since its inception in 1972. Since 1993, Mr. Payne has also been part-owner and chairman of the board of directors of Payne Financial Group, Inc., which ranks in the top 100 insurance agencies nationally. Mr. Payne has also been a member of several other corporate boards, both public and private. Mr. Payne was regional vice president and director of the National Association of Surety Bond Producers. Mr. Payne also served as trustee for the University of Montana Foundation. Mr. Payne received his Bachelor of Science degree in Business-Finance, Magna Cum Laude, from the University of Montana.

The qualifications of Mr. Payne identified by the Board include the following: Mr. Payne has extensive executive management and business experience as a result of his years of service in executive management positions within the insurance industry, his business operations throughout the northwest region as well as his service on other corporate boards. Mr. Payne has extensive knowledge in the key issues, dynamics and trends affecting the Company, its business and the banking industry in general, as well as strategy and compensation issues. He possesses knowledge on the fiduciary obligations and other legal requirements and duties of a public company. Mr. Payne is an independent director.

Julie A. Scott has been a director of ours since 2003. Ms. Scott served as a trustee for the Homer A. and Mildred S. Scott Foundation from 2006 to 2011. Ms. Scott was a commercial loan officer at the Sheridan, Wyoming branch of First Interstate Bank until August 2005. Prior to that appointment, Ms. Scott served in various management and other banking positions within our company since February 1994, including serving as branch manager of the Billings Grand Avenue branch from 2001 to 2003. Since August 2005, Ms. Scott has devoted her full-time attention to personal investment and family matters. Ms. Scott received her Bachelor of Arts degree in Economics from the University of Colorado. Ms. Scott is the daughter of Thomas W. Scott, the niece of James R. Scott, and the cousin of Charles M. Heyneman, John M. Heyneman, Jr., Randall I. Scott and Sandra A. Scott Suzor. Ms. Scott's term as a director ends May 23, 2012. Ms. Scott is not a nominee for re-election.

The qualifications of Ms. Scott identified by the Board include the following: Ms. Scott has a history of achievement in management positions as a result of her years of service to the Company. Ms. Scott has extensive knowledge of the Company's unique challenges, regulatory environment and history.

Randall I. Scott is a director nominee. Mr. Scott was previously a director of ours from 1993 to 2002 and from 2003 to 2011. Mr. Scott is a certified financial planner and has been the managing general partner of Nbar5 Limited Partnership since 1994. In addition, Mr. Scott has served as a director of First Interstate BancSystem Foundation since 1999, serving as chairman since 2006. Mr. Scott has also served as vice chair of Scott Family Services since 2003. Previously, Mr. Scott worked in various capacities for our company over a period of 19 years including as a trust officer of First Interstate Bank from 1991 through 1996 and as a consultant from 1996 through 1998. Mr. Scott received his Bachelor of Science degree in Business from Rocky Mountain College. Mr. Scott is the nephew of Thomas W. Scott and James R. Scott, and the cousin of Charles M. Heyneman, John M. Heyneman, Jr., Julie A. Scott and Sandra A. Scott Suzor. Mr. Scott was recommended for Board membership by the Scott family council.

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

Michael J. Sullivan has been a director of ours since 2003. Mr. Sullivan is a senior attorney for the Denver, Colorado law firm of Rothgerber Johnson & Lyons, LLP, practicing in Casper, Wyoming, having been a partner from 2003 to 2009 and special counsel from 2001 to 2003. Prior to 2001, Mr. Sullivan practiced law with a Wyoming firm from 1964, taking leave to serve as U.S. ambassador to Ireland from 1998 to 2001 and as governor of the State of Wyoming from 1986 through 1994. Mr. Sullivan was a director of Allied Irish Bank, PLC in Dublin, Ireland from 2001 to 2009. Mr. Sullivan has been a director of Cimarex Energy Co. and Sletten Construction, Inc. since 2002 and Kerry Group PLC from 2004 to 2011. Mr. Sullivan received his Bachelor of Science degree in Petroleum Engineering and his Juris Doctor degree from the University of Wyoming.

The qualifications of Mr. Sullivan identified by the Board include the following: Mr. Sullivan has significant executive management, government, and legal experience including mediating a number of complex legal matters, as a result of his careers in both the private and public sectors including service as Wyoming's governor and U.S. ambassador to Ireland. He has extensive knowledge regarding fiduciary obligations and other legal requirements and duties of a public company and its boards. Mr. Sullivan also has valuable relationships with key government representatives and local, national and international industry and government leaders and an understanding of the region the Company serves. Mr. Sullivan is an independent director and is chairman of the governance & nominating committee.

Sandra A. Scott Suzor has been a director of ours since 2007 and previously served as a director of ours from 2000 to 2006. Ms. Suzor has been a partial owner and the director of sales and marketing for Powder Horn Ranch and Golf Club since 1994. In addition, Ms. Suzor is owner of Powder Horn Realty, Inc., a full service real estate brokerage, and is owner of Bison Meadows, LLC, a real estate development company. Ms. Suzor is a partner of Powder Horn Ranch I, LLC, a 900 acre golf course community, Powder Horn II, LLC, a real estate company, and Powder River Partners LLC and Powder River Perkins, LLC, restaurant leasing companies. Ms. Suzor has served as vice chairperson of the Homer and Mildred Scott Foundation since 2011, and previously served as a trustee of the Homer and Mildred Scott Foundation from 2000 to 2010, acting as chairperson from 2006 to 2010. Ms. Suzor has served as a director of First Interstate BancSystem Foundation from 2000 to 2006. Ms. Suzor received her Bachelor of Science degree in Business Marketing from the University of Wyoming. Ms. Suzor is the niece of James R. Scott and Thomas W. Scott, and the cousin of Charles M. Heyneman, John M. Heyneman, Jr., Julie A. Scott and Randall I. Scott.

The qualifications of Ms. Suzor identified by the Board include the following: Ms. Suzor has extensive knowledge of real estate sales, real estate marketing and real estate development as a result of her years of service in the real estate industry. Ms. Suzor has extensive knowledge on the economies of the region and communities the Company serves. Ms. Suzor has knowledge of the Company's unique challenges, regulatory environment and history as a result of her years of service to the Company.

Teresa A. Taylor has been a director of ours since January 2012. Ms. Taylor has more than 24 years of experience in technology, media and the telecom sector. From 1988 to 2011, Ms. Taylor worked for Qwest Communications in Denver, Colorado, where she most recently served as chief operating officer, leading daily operations and a senior management team responsible for 30,000 employees in field support, technical development, sales, marketing, customer support and IT systems. Previous positions at Qwest include executive vice president Business Marketing Group, executive vice president and chief administrative officer Wholesale Markets and executive vice president Product and Pricing. Ms. Taylor received a Bachelor of Science degree from the University of Wisconsin-LaCrosse.

The qualifications of Ms. Taylor identified by the Board include the following: Mr. Taylor has extensive knowledge in strategic planning and execution, technology development, human resources, union labor relations and corporate communications. She also has extensive knowledge on the fiduciary obligations, governance and compensation practices and other requirements and duties of a public company. Ms. Taylor qualifies as an independent director.

Board and Committee Matters

Members of the Scott family control in excess of 80% of the voting power of our outstanding common stock. The Scott family members have entered into a shareholder agreement giving family members a right of first refusal to purchase shares of Class B common stock that are intended to be sold or transferred, subject to certain exceptions, by other family members. This agreement may have the effect of continuing ownership of the Class B common stock and control of our Company within the Scott family.

Due to the ownership and control of our Company by members of the Scott family, we are a controlled company as that term is used under the NASDAQ Marketplace Rules. As a controlled company, we may rely on exemptions from certain NASDAQ corporate governance requirements, including those regarding independent director requirements for the Board and committees of the Board.

Regardless of whether a company is a controlled company, however, the NASDAQ Marketplace Rules require that a company have an audit committee of at least three members, each of whom must:

be independent as defined under the NASDAQ Marketplace Rules;

meet the criteria for independence set forth in the applicable SEC rules (subject to applicable exemptions);

not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and

be able to read and understand financial statements, including a balance sheet, income statement and cash flow statement.

During 2011, the Board met seven times with each serving director attending at least 75% of the meetings. The Board is accountable to our shareholders to build long-term financial performance and value and to assure that we operate consistently with shareholder values and strategic vision. The Board's responsibilities include:

identifying organizational values and vision on behalf of our shareholders;

hiring and evaluating our chief executive officer;

ensuring management succession;

providing guidance, counsel and direction to management in formulating and evaluating operating strategies and plans;

monitoring our performance against established criteria;

ensuring prudence and adherence to ethical practices;

ensuring compliance with federal and state law;

ensuring that full and fair disclosure is provided to shareholders, regulators and other constituents;

overseeing risk management;

exercising all powers reserved to us by organizational documents of limited liability companies and partnerships in which we are a member or shareholder; and

establishing policies for board operations.

Applicable SEC rules require that we make certain disclosures regarding the independence of our directors pursuant to the NASDAQ Marketplace Rules governing independent board members. The Board has determined that the following directors are independent in accordance with such standards:

Steven J. Corning

David H. Crum

William B. Ebzery

James W. Haugh

David L. Jahnke

Ross E. Leckie

Terry W. Payne

Michael J. Sullivan

Teresa A. Taylor

In its determination of independence, the Board considered that the Company (1) conducts banking and credit transactions in the ordinary course of business with certain independent directors, (2) purchases insurance through an agency in which Mr. Payne has a controlling ownership interest, (3) receives payments from Mr. Payne pursuant to an interest guaranty agreement, (4) liquidated collateral pledged by Mr. Payne on the loans of an unrelated third party borrower, (5) sold real property to Mr. Payne, and (6) made payments to Dr. Hart under a deferred compensatory agreement. Each of these transactions is more fully described under the heading Certain Relationships and Related Transactions below. The Company also purchases electrical services from an entity owned by Mr. Crum. In addition, Padlock Ranch Corporation, an entity owned by certain members of the Scott family, obtains financial consulting services from Mr. Haugh, who is also a director of such entity. None of these transactions or relationships were deemed by the Board to impair the independence for these directors.

We have a credit committee, an executive committee, a compensation committee, a governance & nominating committee, a technology committee and an audit committee, all established by the Board and each of which consists of members of the Board.

In addition to these committees, our chairman and vice chairman of the Board may from time to time designate and appoint, on a temporary basis, one or more directors to assist in the form of a limited or special assignment in the performance or discharge of any powers and duties of the Board or any committee thereof.

Credit Committee. Credit committee members currently include William B. Ebzery (Chair), Steven J. Corning, John M. Heyneman, Jr., Lyle R. Knight, James R. Scott, Julie A. Scott and Thomas W. Scott. The credit committee's primary responsibility is to advise the chief credit officer in the establishment of a loan portfolio and credit policies that will assure the safety of depositors' money, earn sufficient income to provide an adequate return on capital and enable communities in our market area to prosper. The credit committee met 11 times in 2011 with each serving committee member attending at least 75% of the meetings.

Executive Committee. Executive committee members currently include James R. Scott (Chair), Steven J. Corning, Charles E. Hart, James W. Haugh, Charles M. Heyneman, Lyle R. Knight, Ross E. Leckie and Thomas W. Scott. The executive committee is to function and act on behalf of the Board between regularly scheduled board meetings, usually when time is critical and to assist the Board in carrying out its responsibility to monitor the Company's capital management policy. The executive committee met six times in 2011 with each serving committee member attending at least 75% of the meetings.

Compensation Committee. Compensation committee members currently include Charles E. Hart (Chair), Terry W. Payne, Michael J. Sullivan, Sandra A. Scott Suzor and Teresa A. Taylor.

The compensation committee has the following responsibilities:

reviewing and approving corporate goals relevant to compensation for executive officers;

evaluating the effectiveness of our compensation practices in achieving our strategic objectives, encouraging behaviors consistent with our values and aligning performance objectives consistent with our vision;

evaluating the performance of our chief executive officer in determining compensation;

approving the compensation of our chief executive officer and other executive officers;

evaluating the performance of our Board chairman and vice chairman;

overseeing succession planning for executive officers;

recommending compensation for Board members;

recommending adjustments to director and officer insurance;

reviewing the financial performance and operations of employee benefit plans, excluding plans subject to Title I of the Employment Retirement Income Security Act of 1974, as amended; and

administering incentive compensation and other employee benefit plans.

The compensation committee met seven times during 2011 with each serving committee member attending at least 75% of the meetings. A current copy of the compensation committee charter is available to shareholders on our website at www.FIBK.com.

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

Governance & Nominating Committee. Governance & nominating committee members currently include Michael J. Sullivan (Chair), Charles E. Hart, James W. Haugh, John M. Heyneman, Jr., Lyle R. Knight, Terry W. Payne, James R. Scott and Thomas W. Scott. The governance & nominating committee has the following responsibilities:

ensuring we have an effective and efficient system of governance, including development of criteria for Board membership;

identifying, screening and recommending candidates to the Board;

nominating candidates for election to the Board at our annual meeting of shareholders;

filling vacancies on the Board that may occur between annual meetings of shareholders;