

FIRST INTERSTATE BANCSYSTEM INC

Form 8-K

January 08, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (date of earliest event reported): January 8, 2008

FIRST INTERSTATE BANCSYSTEM, INC.

(Exact name of registrant as specified in its charter)

Montana

000-49733

81-0331430

(State or other jurisdiction
of incorporation)

(Commission
File No.)

(IRS Employer
Identification No.)

401 North 31st Street, Billings, MT

59116

(Address of principal executive offices)

(Zip Code)

(406) 255-5390

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

First Interstate BancSystem, Inc. (the Company) has issued 30-year junior subordinated deferrable interest debentures in the aggregate principal amount of \$36.1 million. The terms of the debentures and related information regarding the transactions under which the debentures were issued are described below in Item 8.01 Other Events and incorporated by reference herein.

Item 8.01 Other Events.

The Company has completed a series of three financings involving the sale of trust preferred securities (TPS). The Company formed three deconsolidated, wholly-owned subsidiaries, FI Capital Trust IV (Trust IV), FI Statutory Trust V (Trust V) and FI Statutory Trust VI (Trust VI), Delaware statutory trusts, for the purpose of issuing TPS. Proceeds of the sale of TPS, together with the proceeds of the Trusts' sale of their common securities to the Company, were used by each Trust to purchase the following junior subordinated debentures issued by the Company.

On December 19, 2007, the Company issued 30-year junior subordinated deferrable interest debentures to Trust IV in the aggregate principal amount of \$15.5 million. The Trust IV debentures bear interest at a rate of 7.64% for the first quarter, and thereafter at a variable rate equal to the London Interbank Offered Rate for the three-month U.S. Dollar deposits in Europe (LIBOR) + 2.70%, payable quarterly. The debentures mature on April 1, 2038.

On January 8, 2008, the Company issued 30-year junior subordinated deferrable interest debentures (Debentures) to Trust V in the aggregate principal amount of \$10.3 million. The Trust V debentures bear interest at a fixed rate of 6.78% for 5 years after issuance, payable quarterly, and thereafter at a variable rate equal to LIBOR + 2.75%. The debentures mature on April 1, 2038.

On January 8, 2008, the Company issued 30-year junior subordinated deferrable interest debentures to Trust VI in the aggregate principal amount of \$10.3 million. The Trust VI debentures bear interest at a rate of 7.40% for the first quarter, and thereafter at a variable rate equal to LIBOR + 2.75%, payable quarterly. The debentures mature on April 1, 2038.

Trust IV, Trust V and Trust VI issued TPS in the aggregate liquidation amounts of \$15 million, \$10 million and \$10 million, respectively. The terms of the TPS are substantially identical to the junior subordinated deferrable interest debentures and are callable after five years or upon the occurrence of certain other events. The TPS qualify as Tier 1 Capital of the Company.

Proceeds from the TPS and debenture transactions described above are expected to be used to fund a portion of the Company's proposed acquisition of First Western Bank, Wall, The First Western Bank Sturgis and First Western Data, Inc. from First Western Bancorp, Inc. The Company is pursuing additional sources of debt financing to complete the proposed acquisition, including the issuance of senior notes and subordinated indebtedness. The acquisition is expected to close in January 2008, subject to certain financing conditions and other terms and conditions of the transaction included in disclosures previously filed by the Company.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 8, 2008

FIRST INTERSTATE BANCSYSTEM, INC.

By: /s/ LYLE R. KNIGHT
Lyle R. Knight
President and Chief Executive Officer