OTTER TAIL CORPORATION

EEI Virtual Financial Conference
November 9-11, 2020

FORWARD-LOOKING STATEMENT

This presentation contains statements that may be considered forward-looking statements. Such statements contain the word “expect,” “anticipates” or words of similar meaning, or speak to management’s expectations regarding the EPS growth goals, sales, total shareholder returns, financing activities and rate base growth. These statements speak of Otter Tail’s plans and expectations. Actual results could differ materially, because the realization of those results is subject to many uncertainties including: regulatory approvals and results; the direct or indirect impacts from the novel coronavirus (COVID-19) pandemic on our sales, our operations and our ability to complete construction projects; unanticipated construction costs or delays; economic conditions in the states we do business in; and other factors, some of which are discussed in more detail in Otter Tail’s Form 10-K for the year ended December 31, 2019 or in our other SEC Filings. The information in this presentation was prepared as of August 3, 2020. Otter Tail undertakes no obligation to update any forward-looking information statement to reflect developments after the statement is made.

AGENDA

- Business Overview
- COVID-19 Impacts & Mitigation Efforts
- ESG Highlights
- Electric Platform
- Manufacturing Platform
- Financial Update

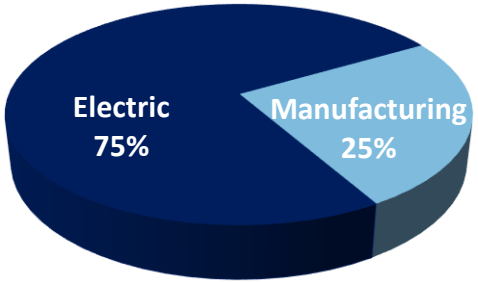
BUSINESS OVERVIEW

COMPANY OVERVIEW



Target earnings contributions

Electric
- Competitive low-cost operations
- Constructive regulatory environment
- Attractive rate base growth



Manufacturing
- Long-term growth potential
- Capacity utilization
- Diversification

STRATEGIC OUTLOOK

- High performing electric utility
  - Strong pipeline of rate base growth for at least 5 years
  - Supportive regulatory treatment
  - Solid management in place
  - History of excellence
- Disciplined, focused set of manufacturing companies
  - Incremental earnings growth
  - Premium return
- Commitment to strategy and talent development
  - Execution and performance throughout the corporation

COVID-19 OVERVIEW

MANAGING COVID-19 | WELL-POSITIONED OPERATIONALLY

- Employee and public safety remains our top priority.
- Mitigation efforts in place across the organization.
- Utility disconnects suspended and late payment fees waived temporarily for our Minnesota customers. Disconnects reinstated in North Dakota and South Dakota in mid-September.
- No immediate disruptions to our supply chains.
- Expected $380 million in capital expenditures for 2020.
  - Electric Segment accounts for 96% driven by renewable and natural gas-fired generation.
  - No current plan to limit capital expenditures.
- Strong balance sheet, ample liquidity, constructive regulatory environment, and commitment to maintaining strong credit ratings and metrics.

Q3 2020 FINANCIAL SUMMARY AND HIGHLIGHTS

	Q3 2020	Q3 2019
Operating Revenues (in millions)	$235.8	$228.7
Net Income (in millions)	$35.9	$24.7
Diluted EPS	$0.87	$0.62

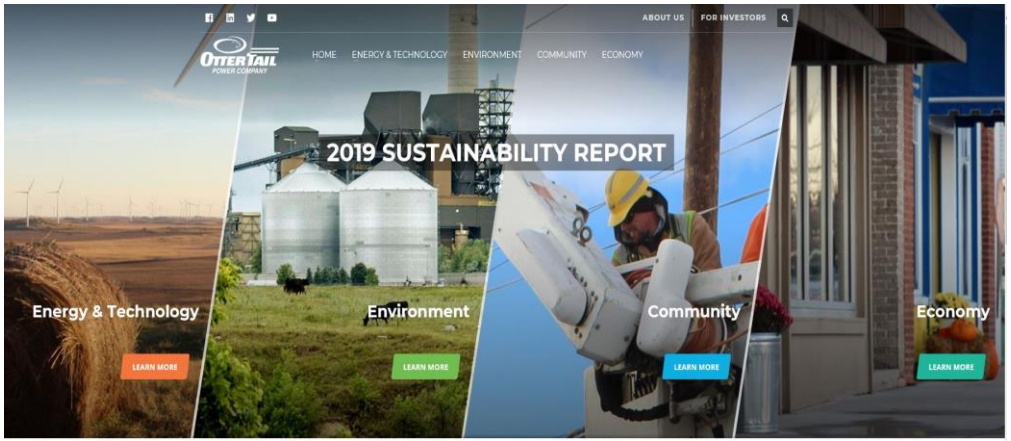
- Based on our YTD performance and our updated view of the impacts from COVID-19, we are raising and narrowing our 2020 earnings per share (EPS) guidance range to $2.26-$2.36 from $2.10-$2.30 per diluted share.
- Electric Segment EPS increased $0.16 primarily driven by continued execution of rate base growth projects, a favorable decision regarding the state jurisdictional treatment of federally approved transmission rate incentives, effective cost management targeted at offsetting impacts of COVID-19 and lower operating expense.
- Manufacturing Segment EPS were flat QoQ with improved margins offsetting lower sales. Despite a drop in overall sales, BTD started to experience a recovery in Q3 driven by strong recreational vehicle and lawn and garden end markets sales. BTD continues to effectively manage its costs to help offset lower revenues.
- Plastics Segment EPS increased $0.11 driven by higher volumes of pipe sold driven by a tight pipe market and higher pipe prices.
- Higher corporate costs negatively impact EPS $0.02 driven primarily by an increase in performance-based incentive accruals as a result of improved QoQ results.

ESG HIGHLIGHTS

Environmental

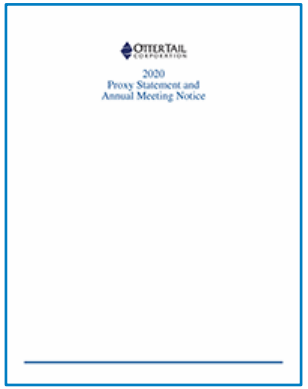
Social

Governance



https://www.ottertail.com/custompage/Index?KeyGenPage=351348

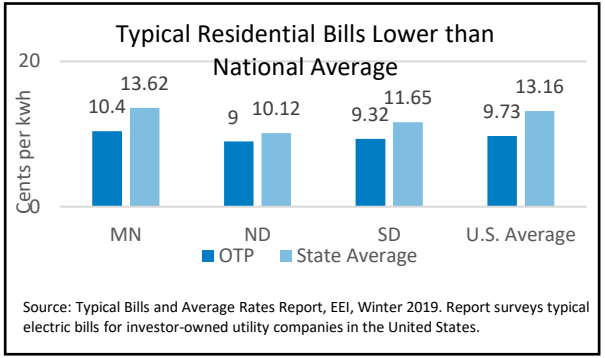




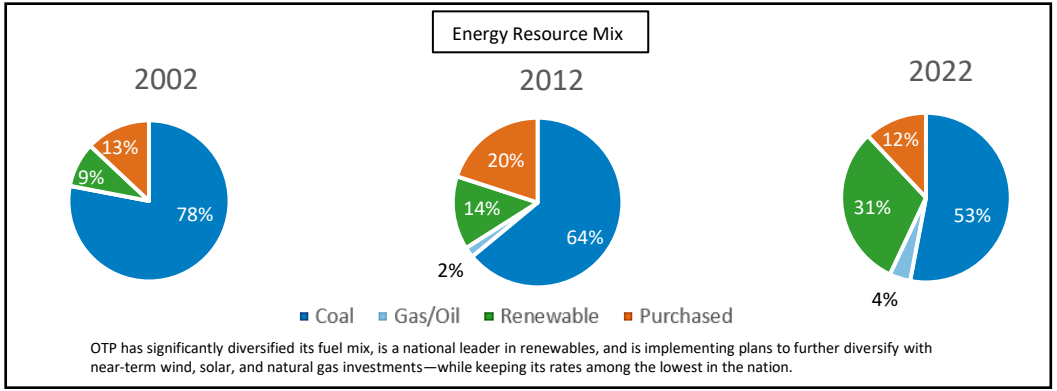
https://www.ottertail.com/annual-report-and-proxy-statement/Index?KeyGenPage=1073752420

These 3 documents provide details of Otter Tail Corporation's ESG practices

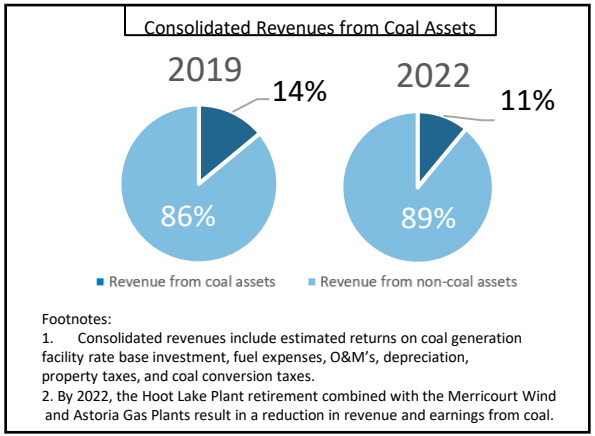
CLEANER ENERGY FUTURE



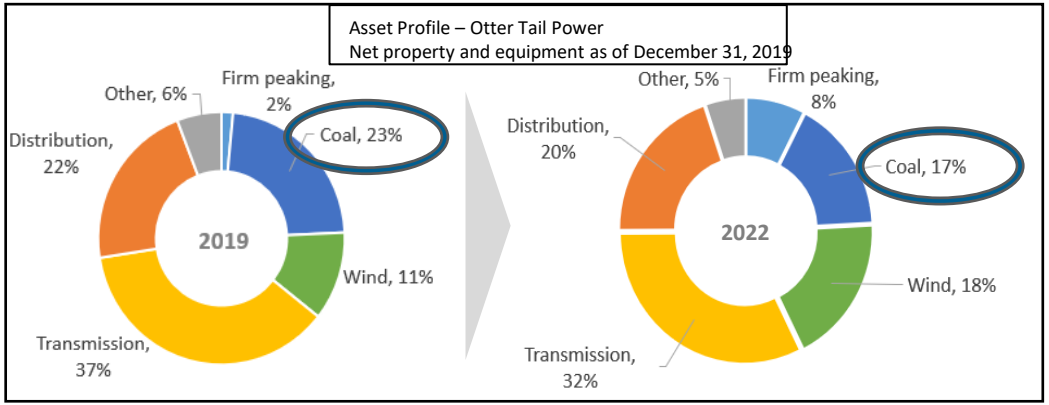
Source: Typical Bills and Average Rates Report, EEI, Winter 2019. Report surveys typical electric bills for investor-owned utility companies in the United States.



OTP has significantly diversified its fuel mix, is a national leader in renewables, and is implementing plans to further diversify with near-term wind, solar, and natural gas investments—while keeping its rates among the lowest in the nation.



Footnotes:
1. Consolidated revenues include estimated returns on coal generation facility rate base investment, fuel expenses, O&M's, depreciation, property taxes, and coal conversion taxes.
2. By 2022, the Hoot Lake Plant retirement combined with the Merricourt Wind and Astoria Gas Plants result in a reduction in revenue and earnings from coal.



ELECTRIC PLATFORM

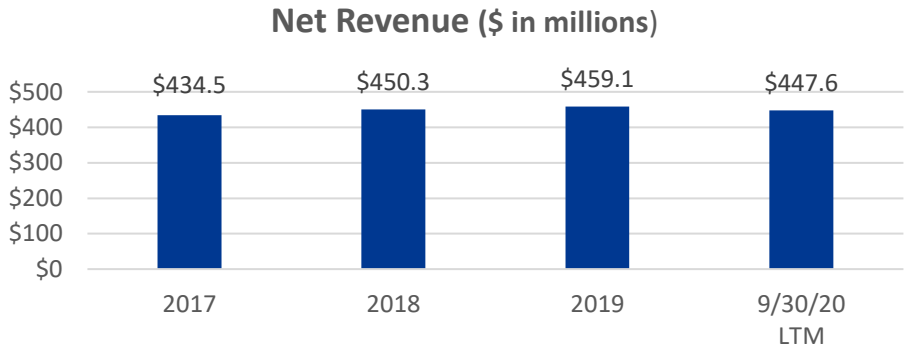


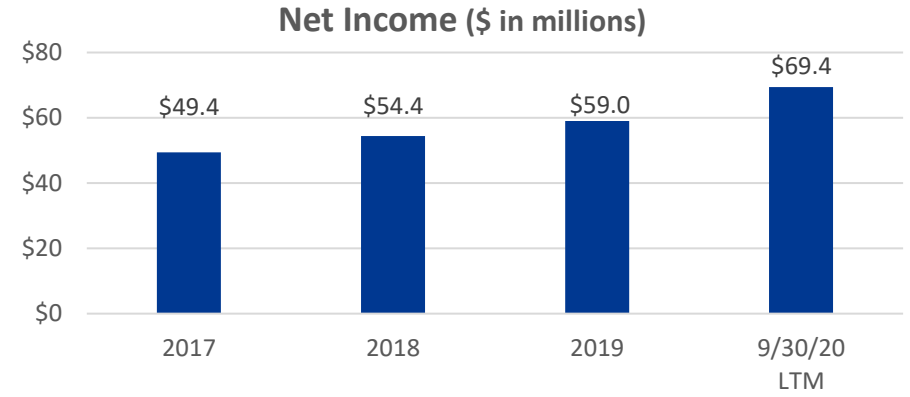
ELECTRIC OPERATIONS

OTTER TAIL POWER COMPANY

Highlights

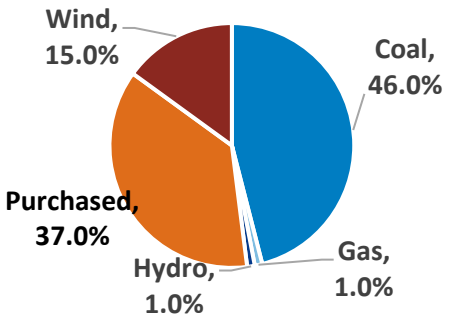
- Rate base growth opportunities
  - Merricourt Wind Energy Center
  - Astoria Station natural gas-fired plant
  - South Dakota transmission reliability project
  - Hoot Lake Solar Project
- Constructive regulatory environment
- Softening commercial and industrial load resulting from COVID-19 beginning in Q2
- Utility disconnects suspended and late payment fees waived temporarily for our Minnesota customers during COVID-19 pandemic. Reinstated disconnect processes in North Dakota and South Dakota in mid-September.





ELECTRIC OPERATIONS

Energy by Source - 2019

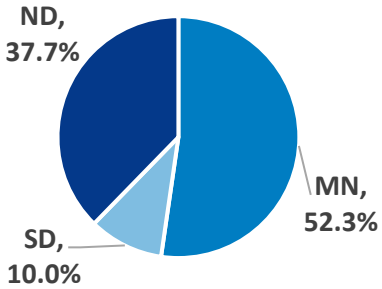


Service Area*

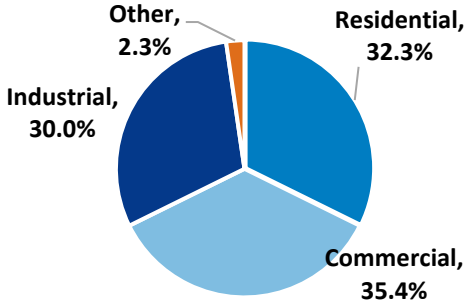


* Service area excludes Fargo, Minot and Grand Forks, ND.

Revenues by State - 2019

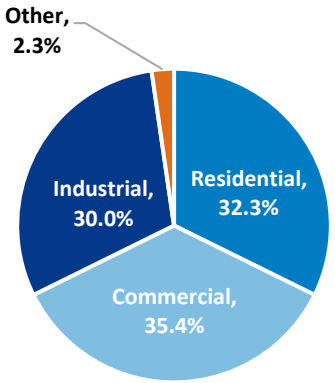


Revenues by Customer - 2019



CUSTOMER MIX AND REGULATION – COVID UPDATE

Revenues by Customer



Regulatory Matters

Filings submitted for all jurisdictions to request COVID-19 related cost treatment order
Updated Transmission Cost Recovery Rider filing relating to MN MVP Supreme Court Decision
November 2020 filing of MN rate case
Planning a Hoot Lake Solar MN Rider Eligibility Filing

Estimated 2020 Electric Revenue Impact

(Weather Normalized)	Annual (YoY) % Impact	Annual (YoY) EPS Impact
Residential	2.0%	$0.02
Commercial	-2.9%	$(0.04)
Industrial	-11.4%	$(0.04)
Total Electric Revenue	-2.2%	$(0.06)

Decoupling	Weather Normalization	Bad Debt Trackers
No	No	No

MINNESOTA RATE CASE

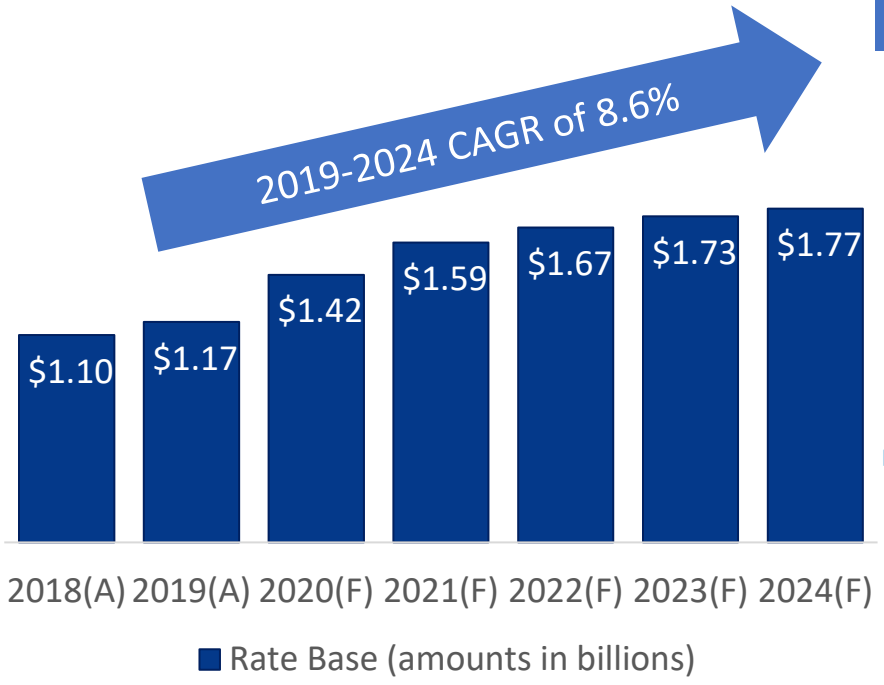


Filed November 2, 2020.

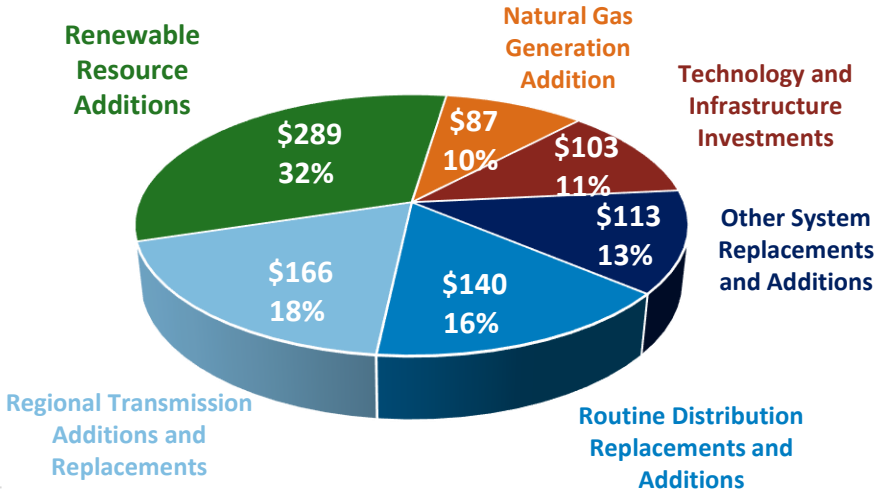
Driving factors
Cleaner energy
Smarter technologies
Rising costs

- Filed last Minnesota rate case in 2016.
- Requested permission to increase revenue by approximately $14.5 million, or 6.8 percent.
- Requested ROE 10.2%.
- Requested approval to implement decoupling on customer bills to stabilize revenue apart from energy sales. If approved, this will go into effect with final rates.
- Asked to increase rates on an interim basis beginning January 1, 2021 while PUC considers the overall request. Final determination within 13 months of filing.

RATE BASE GROWTH



Capital spending of $898 million from 2020 to 2024 divided among:



Recovery Mechanism	Amount (in Millions)	Percentage
Depreciation (Rate Base Replacement)	$366	41%
Riders	$450	50%
Rate Case	$82	9%
Total	**$898**	**100%**

REGULATORY FRAMEWORK

Riders	Minnesota	North Dakota	South Dakota
Wind Projects	Rider recovery / Rate case	Rider recovery / Rate case	Phase-In Rider / Rate case
Transmission	Rider recovery / Rate case	Rider recovery / Rate case	Rider recovery / Rate case
Non-renewable Generation	Rate case	In State Preference/ADP/ Rate Case (Astoria Station rider eligible)	Phase-In Rider / Rate case
Environmental	MN plants and outstate plants with ADP: Rider recovery/rate case	Rider recovery / Rate case	Rider recovery / Rate case
Fuel Clause	Trued up annually	Trued up monthly	Trued up monthly
Rate Cases	Forward-looking test year	Forward-looking test year	Historical test year with known-and-measurable adjustments
Allowed ROE	9.41%	9.77%	8.75%

A constructive regulatory environment provides for timely recovery of capital and a fair economic return.

We recover approximately 50% of our five-year capital expenditures through riders. (including phase-in mechanisms and direct billing generators).

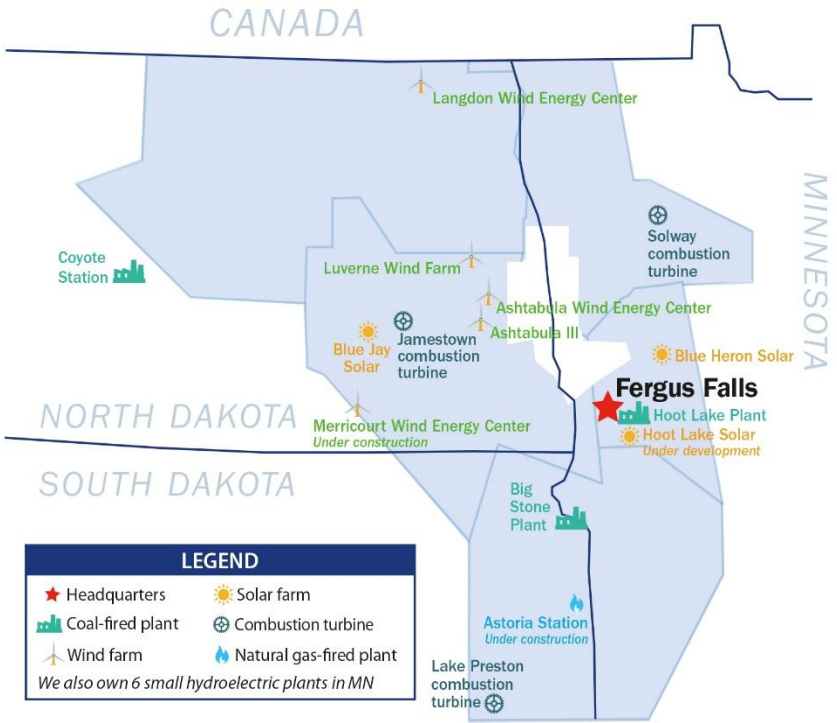
RATE BASE PROJECTS

Project	Our Investment (Millions)	In Service	Percent Complete	Recovery Mechanisms
Merricourt Wind Energy Center	$260	2020	85%	Rider/General Rate Case
Astoria Station 245 MW natural gas simple-cycle combustion turbine	$152.5	2020-2021	85%	Rider/General Rate Case
SD transmission reliability project	$39	Phase I 2019 Phase II 2021	100% 60%	Rider/General Rate Case
Self-fund transmission	~$50	2019-2021	~75%	Facility Service Agreement
Hoot Lake Solar	$60	2021-2023	0%	Rider/General Rate Case
Innovation 2030	$145	2019-2024	~5%	Rider/General Rate Case
Ashtabula III: option to buy 62.4 MW wind farm	$50	Option to purchase 2022	NA	Rider/General Rate Case

MERRICOURT WIND ENERGY CENTER

Project	
Description	150 MWs Capacity factor ~ 50% to 55%
Schedule	2017 – 2020 Construction started Q3 2019
OTP Cost	$260 million

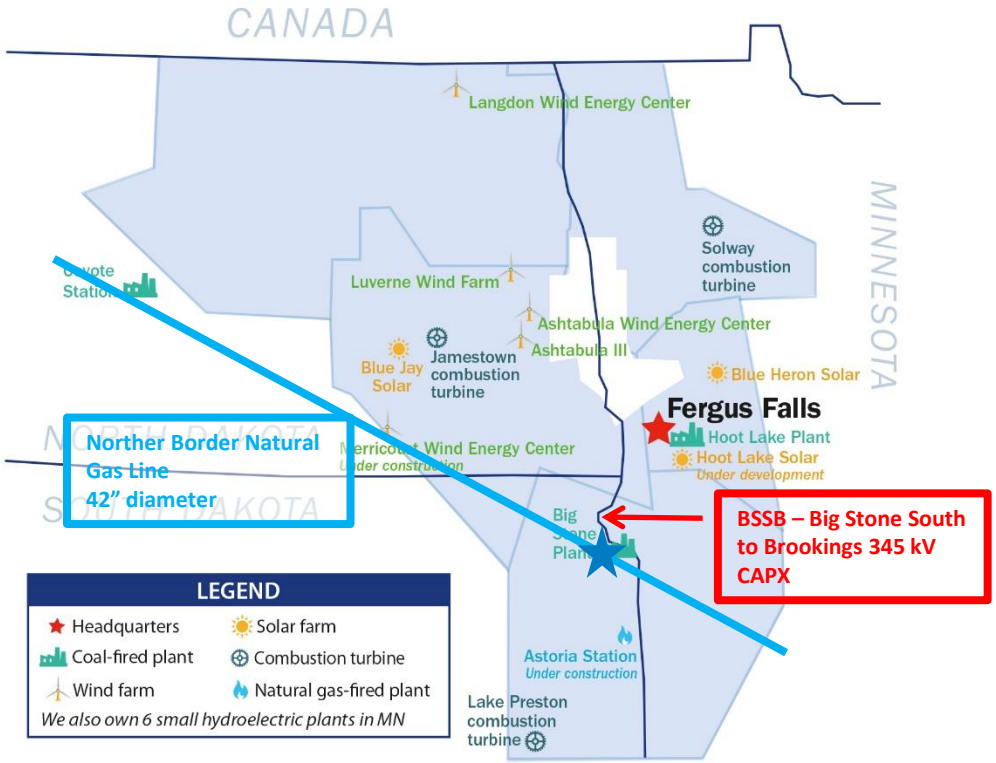
- MN PUC approved 2017 Resource Plan.
- MN PUC approved rider recovery with a cost cap ($270 million)
- ND PSC approved Advance Determination of Prudence ($287 million).
- SD PUC approved Phase-In Rider eligibility ($287 million).
- ND PSC approved Renewable Resource Rider.
- FERC approved Generator Interconnection Agreement.
- Construction started August 2019. Crews have topped out all 75 turbines and the first turbine was energized on October 14, 2020.
- Project expected to be commercially operational by the end of December 2020, but with risk of supply chain and labor related delays. PTC qualification period has been extended to 12/31/2021.



ASTORIA STATION NATURAL GAS PLANT

Project	
Description	245-MW simple cycle unit
Schedule	2020-2021 Construction started Q2 2019
OTP Cost	$152.5 million

- MN PUC approved 2017 Resource Plan.
- ND PSC approved Advance Determination of Prudence and use of Generation Cost Recovery Rider.
- SD PUC issued site permit and approved Phase-In Rider eligibility.
- FERC approved Generator Interconnection Agreement.
- Construction started in Q2 2019 and is 85% complete.
- Punchlist items and electrical activities remain for construction. Commissioning activities are the focus for Q4 2020.
- Project continues to be on schedule for commercial operation in Q1 2021.



ADVANCING ECONOMIC RECOVERY

Minnesota Relief and Recovery Proposal Projects

12 projects submitted with estimated total cost of $153-173 million

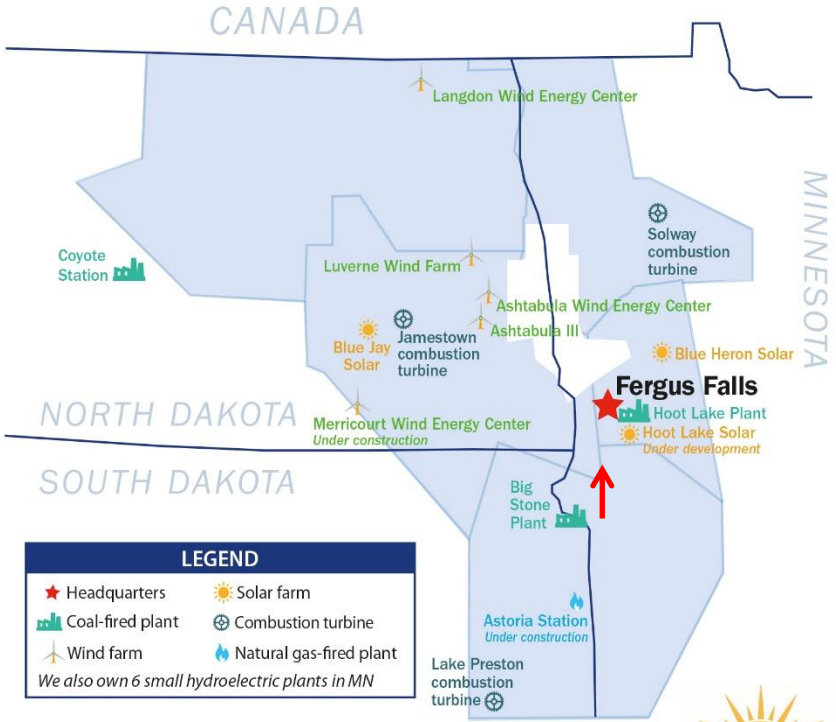
- **Renewable Generation:** ~$60 million
- **Infrastructure and Reliability Improvements:** ~$18 million
- **Technology Advancement:** ~$71 million
- **Electric Vehicle Infrastructure &**
- **Conservation and Building Upgrades:** ~$14 million

Category	Project
	Hoot Lake Solar
	SIRI Projects
	Accelerated D&T Vegetation Management
	Ground Line Inspections
	Telecommunications Projects
	AMI
	Load Management System
	Advanced Distribution Management
	Acceleration of LED Streetlight Replacements
	Increase CIP rebates for Heat Pumps and POP Solar
	EV Infrastructure
	Building Maintenance

HOOT LAKE SOLAR PROJECT

Project	
Description	49.9-MW self-build solar
Schedule	2020-2023
OTP Cost	$60 million

- Qualifies for investment tax credit of 26%. Safe-harbor equipment secured.
- Eligible to meet utility-scale portion of MN Solar Energy Standard (1.5% of retail sales).
- Currently completing the environmental assessment of proposed site.
- Construction may begin in 2021.
- The project will include up to 170,000 solar panels and generate enough energy to power approximately 10,000 homes each year.
- Upon completion, up to 35% of Otter Tail Power's energy is projected to come from renewable resources, all while keeping average residential rates among the lowest in the nation.

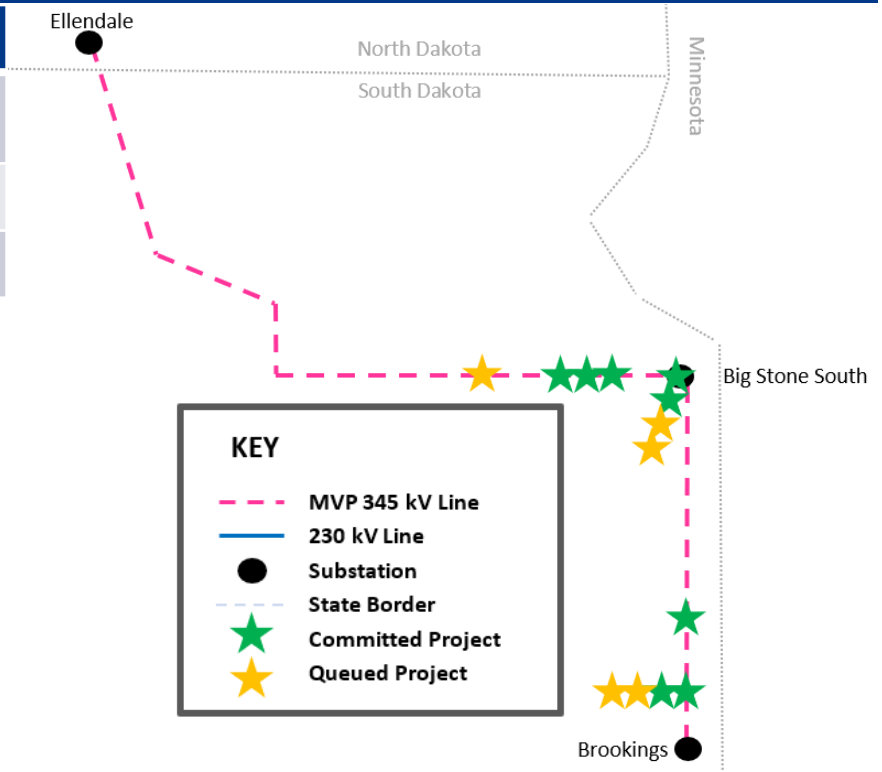


HOOT LAKE SOLAR

SELF-FUND TRANSMISSION PROJECTS

Project	Self-Fund Transmission Projects
Description	OTP to fund transmission upgrades associated with new generator interconnections.
Schedule	2019 - 2021
OTP Cost	~$50 million

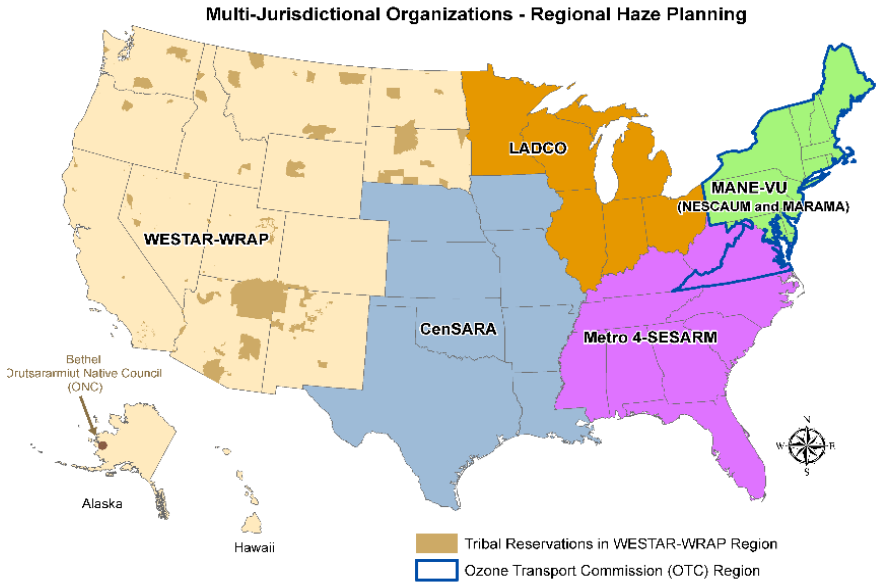
- Approximately 23 different transmission upgrades identified.
  - 11 upgrades completed (most are underway)
- Facility Service Agreement (FSA) allows Otter Tail to recover cost of transmission upgrades over 20-year period from generator interconnection customers.
- FERC has approved 28 of 33 FSAs, with 5 FSAs filed at FERC and 1 FSA being prepared for filing.
- Construction completed to date: ~90%



Note: Some upgrades have more than one FSA as part of that project.

COYOTE STATION REGIONAL HAZE UPDATE

- Continue to monitor progress on Federal Regional Haze Rule compliance planning process in North Dakota.
- DEQ will begin the Public Comment Period regarding its recommendation on Coyote Station compliance strategy in early 2021.
- State of North Dakota will submit its State Implementation Plan to the EPA in July 2021.



MANUFACTURING PLATFORM

BTD

northern pipe products

T.O. PLASTICS

VINYLTECH VT PVC • PIPE

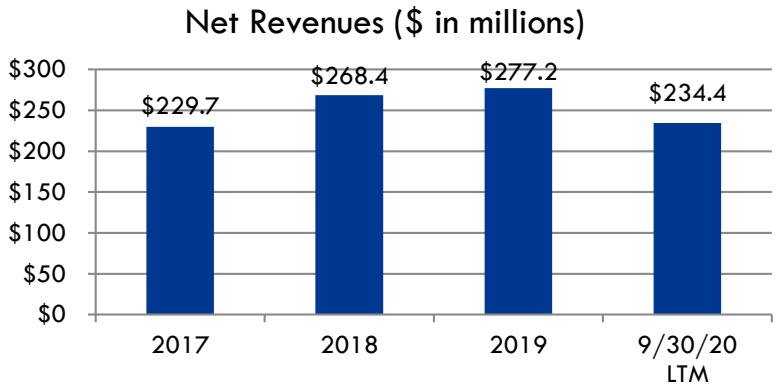
MANUFACTURING

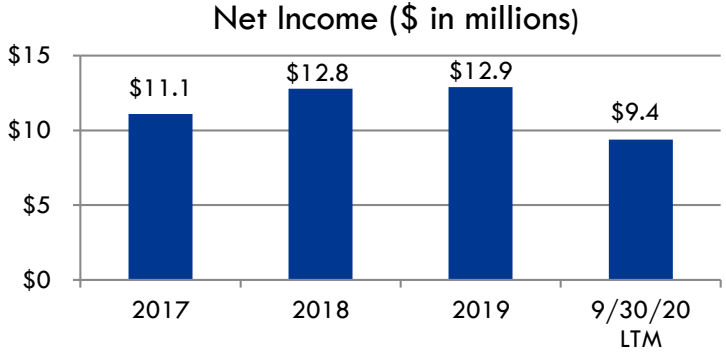
- Contract metal fabrication – stamping, machining, tube bending, welding, painting, assembly
- Growth opportunities with existing customer base and expansion with new customers

- Manufacturer of plastic thermoformed horticultural containers, contract life science, industrial packaging and material handling components

Highlights

- Improved return on sales metrics at BTD
- Impacted by slowdown of oil and gas fracking equipment
- In Q2, 2020, COVID-19 related issues at BTD negatively impacts EPS by an estimated $.09 as many customers initiated temporary plant shut-downs which resulted in lost labor productivity along with increased costs related to PPE.
- In Q3 2020, BTD experienced a recovery in sales driven by strong recreational vehicle, agricultural and lawn & garden end market sales.



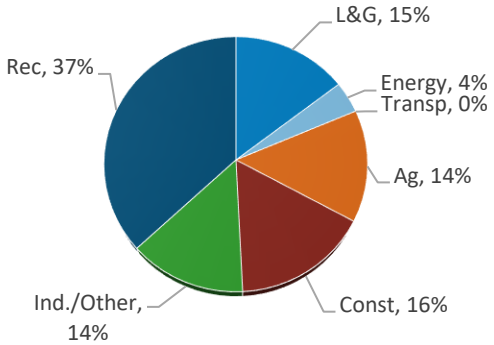


MANUFACTURING LOCATIONS

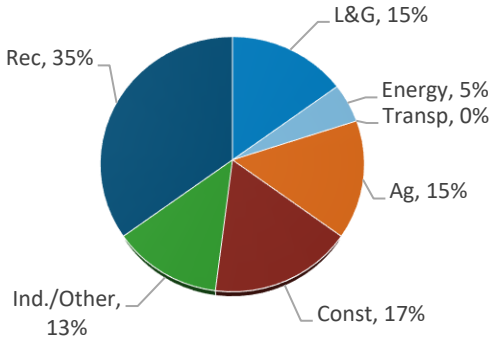


MANUFACTURING SALES BY END MARKETS

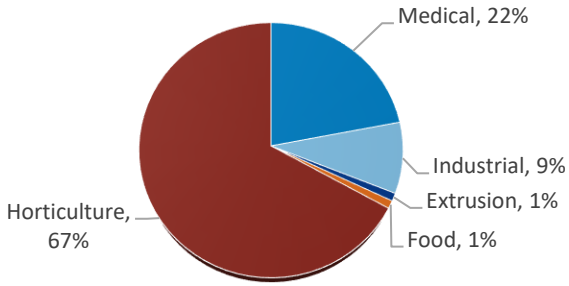
2019 BTD



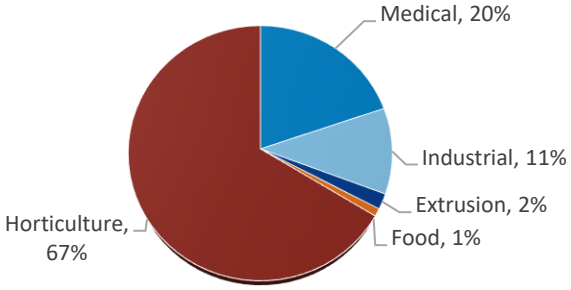
2018 BTD



2019 T.O. Plastics, Inc.



2018 T.O. Plastics, Inc.

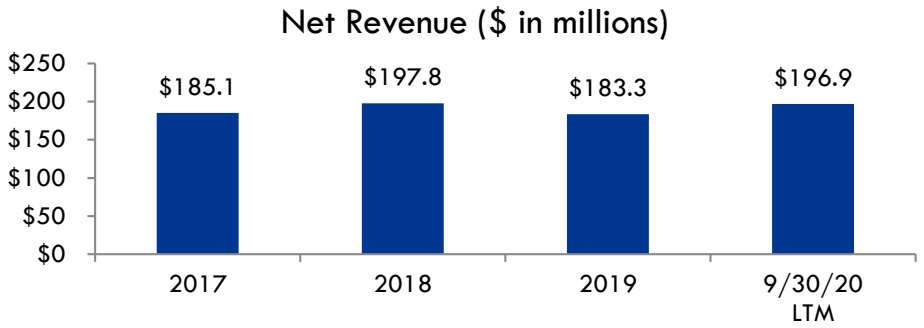


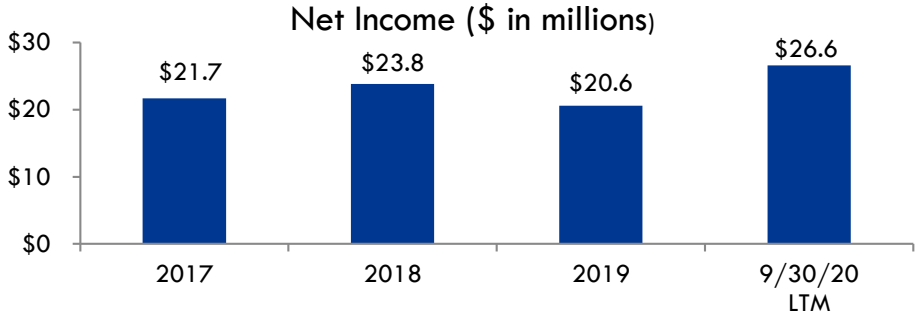
PLASTICS

- Manufactures and sells PVC (polyvinyl chloride) pipe to distributors. Pipe is used in municipal water, rural water, wastewater and storm drainage systems.
- Plants located Fargo ND & Phoenix AZ
- Approximate production capacity of 300 mm lbs. of PVC (~ 2.5% of total market)

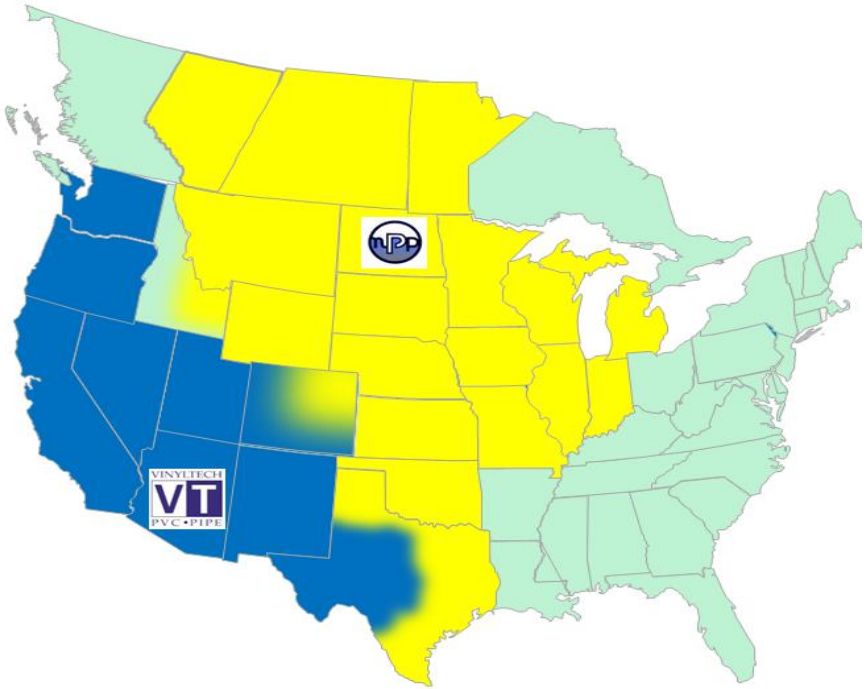
Highlights

- Managing business well in diverse business cycles
- Operational excellence
- Sensitive to economic conditions
- Excellent customer service provides competitive advantage
- 2020 favorable business environment.





PLASTICS LOCATIONS



NPP
17 States Served:
East Idaho, Montana, Wyoming, Colorado, North & South Dakota, Nebraska, Kansas, Oklahoma, Minnesota, Iowa, Missouri, East Texas, Wisconsin, Illinois, Michigan & Indiana.
3 Canadian Provinces Served: Alberta, Saskatchewan, Manitoba

VT
9 States Served: Arizona, California, Nevada, New Mexico, Colorado, Oregon, Washington, Utah and Western Texas

FINANCIAL UPDATE

Q3 EPS 2019 VS. Q3 EPS 2020

		Q3 Diluted EPS 2019 vs. Q3 Diluted EPS 2020				
		Electric	Manufacturing	Plastics	Corporate	Consolidated
	Q3 2019 Diluted Earnings per Share	$ 0.44	$ 0.08	$ 0.14	$ (0.04)	$ 0.62
Electric	Increase in renewable and generation rider revenue	0.08				0.08
	Decrease in O&M expense	0.06				0.06
	Increase in transmission rider revenue	0.04				0.04
	Weather related revenue increase	0.03				0.03
	Net increase in transmission, wholesale and other electric revenue	0.01				0.01
	Decrease in retail revenue from commercial & industrial customers	(0.02)				(0.02)
	Increase in interest cost	(0.02)				(0.02)
Manufacturing	Increase in gross profit margin		0.04			0.04
	Net effect of sales volumes and material pricing		(0.02)			(0.02)
	Increase in O&M expense		(0.01)			(0.01)
	Increase in tax rate due to lower tax credits		(0.01)			(0.01)
Plastics	Increase in gross profit margin			0.08		0.08
	Increase in sales volumes			0.04		0.04
	Increase in O&M expense			(0.01)		(0.01)
Corporate	Increase in O&M expense				(0.02)	(0.02)
Dilution	Dilutive effect of increase in outstanding shares	(0.02)	-	-	-	(0.02)
	Q3 2020 Diluted Earnings per Share	$ 0.60	$ 0.08	$ 0.25	$ (0.06)	$ 0.87

YTD EPS 2019 VS. YTD EPS 2020

		YTD September Diluted EPS 2019 vs. YTD September Diluted EPS 2020				
		Electric	Manufacturing	Plastics	Corporate	Consolidated
	YTD September 2019 Diluted Earnings per Share	**$ 1.10**	**$ 0.30**	**$ 0.38**	**$ (0.11)**	**$ 1.67**
Electric	Increase in renewable and generation rider revenue	0.20				0.20
	Decrease in O&M expense	0.08				0.08
	Costs for extended maintenance outage at Coyote Station in 2019	0.06				0.06
	Increase in AFUDC and other income	0.05				0.05
	Increase in transmission rider revenue	0.04				0.04
	Fuel and purchased power (net)	0.02				0.02
	Increase in interest cost	(0.04)				(0.04)
	Weather related revenue decrease	(0.04)				(0.04)
	Increase in depreciation and amortization expense	(0.04)				(0.04)
	Decrease in retail revenue from commercial & industrial customers	(0.03)				(0.03)
	Net decrease in transmission, wholesale and other electric revenue	(0.03)				(0.03)
	Reversal of SD refund provision in 2019 for TCJA	(0.02)				(0.02)
Manufacturing	Net effect of sales volumes and material pricing		(0.18)			(0.18)
	Increase in tax rate due to lower tax credits		(0.01)			(0.01)
	Increase in gross profit margin		0.05			0.05
	Decrease in O&M expense		0.05			0.05
Plastics	Increase in gross profit margin			0.09		0.09
	Increase in sales volumes			0.06		0.06
	Increase in O&M expense			(0.01)		(0.01)
Corporate	Decrease in value of corporate owned life insurance and equity investments				(0.02)	(0.02)
	Increase in effective tax rate				(0.02)	(0.02)
	Increase in O&M expense				(0.01)	(0.01)
Dilution	Dilutive effect of increase in outstanding shares	(0.02)	-	(0.01)	-	(0.03)
	YTD September 2020 Diluted Earnings per Share	**$ 1.33**	**$ 0.21**	**$ 0.51**	**$ (0.16)**	**$ 1.89**

COVID-19 BUSINESS IMPACTS

Earnings & dividend impact

2020 Guidance Revised

- Based on our YTD performance and updated view of impacts from COVID-19, we are raising and narrowing our 2020 earnings per share (EPS) guidance range to $2.26-$2.36 from $2.10-$2.30 per diluted share.
- Dividend continues to be supported by strong balance sheet, operating cash flows, liquidity and our credit facilities and solid financial coverage ratios.
- Continue to expect long-term EPS CAGR 5-7% using 2019 $2.17 per share.

CapX Plan

Unchanged

- Continue to execute utility rate base growth projects.
- Construction of Merricourt expected to be in commercial operation by the end of December 2020. Continue to monitor potential COVID-19 related impacts.
- Construction of Astoria Station remains on time and on budget and on schedule for commercial operation in Q1 2021. Continue to monitor potential COVID-19 related impacts.
- No current plans to limit capital expenditures with ample liquidity to support our capital plans.

Liquidity

Sufficient

- Liquidity modeling continues to show we have sufficient liquidity based on our current assumptions of how COVID-19 is expected to impact our business.
- $175 million Private Placement completed in October 2019
  - Funded $100 million in October 2019
  - Funded $35 million delayed draw in February 2020
  - Funded $40 million delayed draw in August 2020
- Issued ~$55 million of equity under ATM, DRIP & ESPP since Q4 2019.
- Ability to increase OTTR credit facility through accordion feature up to $290 million
- Ability to increase OTP credit facility through accordion feature up to $250 million
- No debt maturities due until December 2021

COVID-19 STRONG LIQUIDITY POSITION

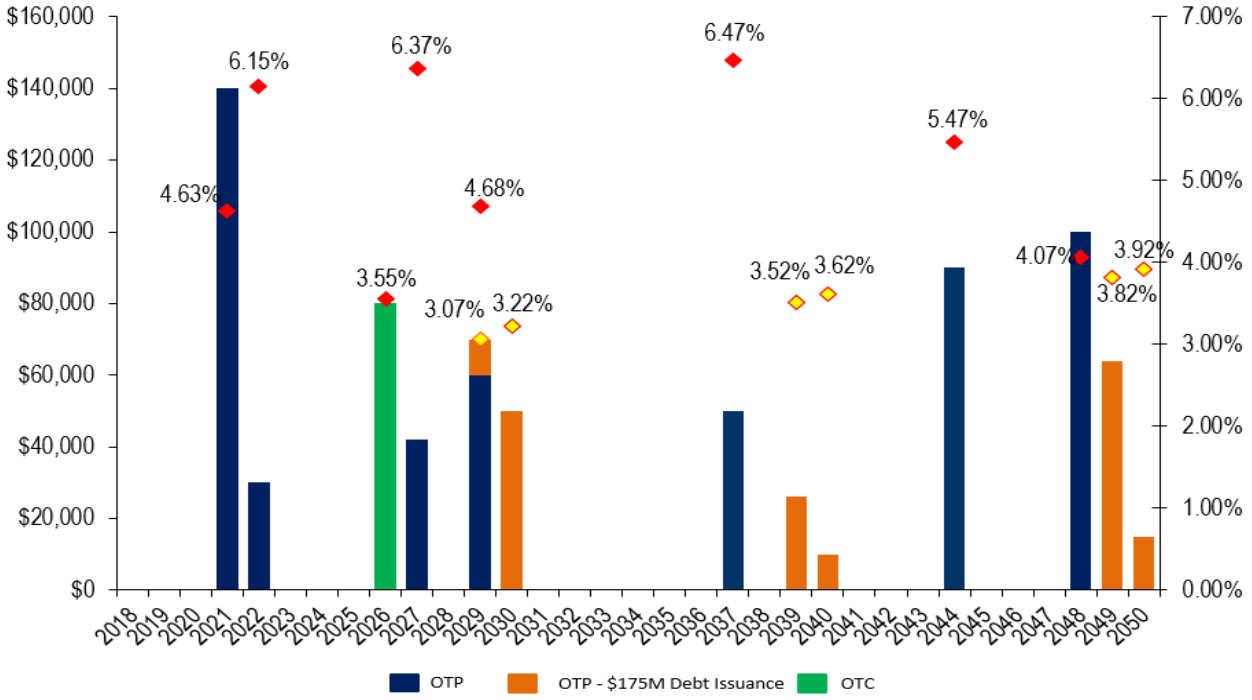
	December 31, 2019		October 31, 2020	
	OTC	OTP	OTC	OTP
Total Credit Capacity	$170.0	$170.0	$170.0	$170.0
Outstanding				
Borrowings	(6.0)		(40.2)	
Letters of Credit		(15.5)		(14.0)
Unused	$164.0	$154.5	$129.8	$156.0
Expiration Date			October 31, 2024	October 31, 2024

CREDIT RATINGS

Otter Tail Corporation	Moody's	Fitch	S&P
Corporate Credit/Long-term Issuer Default Rating	Baa2	BBB-	BBB
Senior Unsecured Debt	N.A.	BBB-	N.A.
Outlook	Stable	Stable	Negative

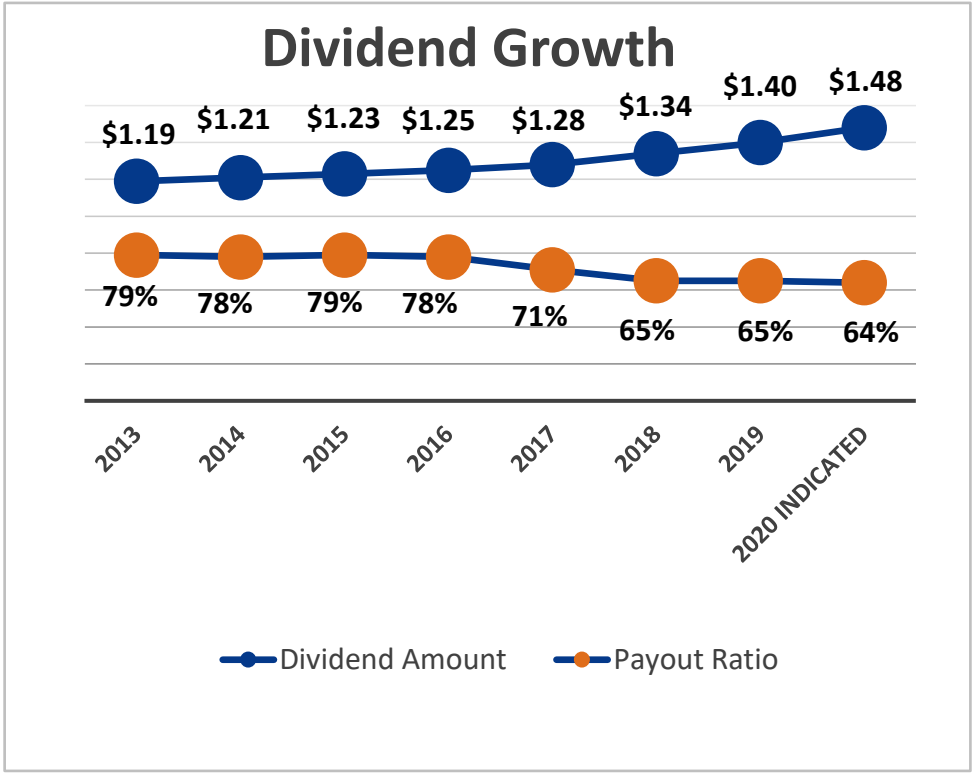
Otter Tail Power Company	Moody's	Fitch	S&P
Corporate Credit/Long-term Issuer Default Rating	A3	BBB	BBB+
Senior Unsecured Debt	N.A.	BBB+	BBB+
Outlook	Stable	Stable	Stable

BOND MATURITY SCHEDULE



HISTORY OF DIVIDEND GROWTH

- Consecutive annual dividends without interruption paid since 1938.
- Indicated increase of $.08/share (5.7%).
- Strong balance sheet, liquidity, cash generation profile, and commitment to enhancing shareholder returns.



CAPITAL EXPENDITURES

(in millions)	2019	2020	2021	2022	2023	2024	Total
Capital Expenditures:							
Electric Segment:							
Renewables and Natural Gas Generation		$ 258	$ 65	$ 53	$ --	$ --	$ 376
Technology and Infrastructure		--	11	28	32	28	99
Distribution Plant Replacements		20	25	28	31	30	134
Transmission (includes replacements)		62	14	30	30	30	166
Other		26	23	25	25	24	123
Total Electric Segment	$ 187	$ 366	$ 138	$ 164	$ 118	$ 112	$ 898
Manufacturing and Plastics Segments	20	14	17	17	19	17	84
Total Capital Expenditures	$ 207	$ 380	$ 155	$ 181	$ 137	$ 129	$ 982
Total Electric Utility Average Rate Base	$ 1,170	$1,415	$1,587	$1,664	$1,726	$1,765	
Rate Base Growth		20.9%	12.2%	4.9%	3.7%	2.3%	

2020 EARNINGS GUIDANCE

Diluted Earnings Per Share	2019 EPS by Segment	2020 Guidance February 20, 2020		2020 Guidance May 5, 2020		2020 Guidance August 3, 2020		2020 Guidance November 2, 2020	
		Low	High	Low	High	Low	High	Low	High
Electric	$1.48	$1.67	$1.70	$1.65	$1.70	$1.67	$1.70	$1.67	$1.69
Manufacturing	$0.32	$0.31	$0.35	$0.14	$0.23	$0.15	$0.23	$0.23	$0.25
Plastics	$0.51	$0.43	$0.47	$0.43	$0.47	$0.50	$0.54	$0.64	$0.66
Corporate	($0.14)	($0.19)	($0.15)	($0.22)	($0.15)	($0.22)	($0.17)	($0.28)	($0.24)
Total	$2.17	$2.22	$2.37	$2.00	$2.25	$2.10	$2.30	$2.26	$2.36
Return on Equity	11.6%	11.0%	11.7%	9.9%	11.1%	10.4%	11.4%	11.2%	11.7%

OTTER TAIL CORPORATION

Pension Exposure

Funded Status	Asset Allocation			Actuarial Assumptions		EPS Sensitivity		Recovery	Projected Contributions (millions)		
Dec 31, 2019	Equity	Fixed Inc	Other	Dis Rate	LTROR	Dis Rate	LTROR	Mechanism	2020	2021	2022
85%	52%	45%	3%	3.47%	6.88%	25bps change - +/- $.02/share	25 bps change - +/- $.01	Mn - Historical 5 yr aveage ND - estimated expense SD - estimated expense	$ 11.20	$ 10.00	$ 10.00

INVESTMENT HIGHLIGHTS



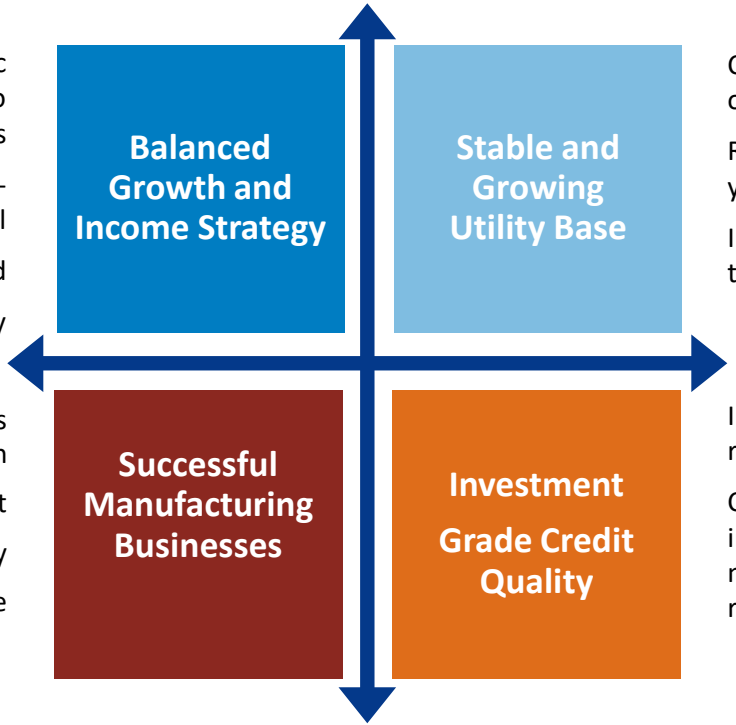
INVESTMENT HIGHLIGHTS

Strong and stable regulated electric operations provide cash flow to support dividends

Manufacturing businesses provide above-average earnings growth potential

Strong dividend yield

Strong returns on equity



Competitive, low cost integrated electric operations

Regulated rate base capex over the next 5 years will drive growth

Investment opportunity in generation, transmission and renewables

Platform of companies enhances OTTR's earnings growth

Organic growth opportunities exist

Utilization of existing capacity

Operational excellence

Investment grade senior unsecured credit ratings

Company is committed to maintaining investment grade credit ratings and will manage its operations in a way that reflects this commitment