
Section 1: 8-K (FORM 8-K)

**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): October 31, 2018

OTTER TAIL CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction
of incorporation)

0-53713
(Commission
File Number)

27-0383995
(I.R.S. Employer
Identification No.)

215 South Cascade Street, P.O. Box 496, Fergus Falls, MN
(Address of principal executive offices)

56538-0496
(Zip Code)

Registrant's telephone number, including area code: (866) 410-8780

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 the 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

Amendment of Otter Tail Corporation Credit Agreement

On October 31, 2018, Otter Tail Corporation (the “Company”) entered into an amendment dated as of October 31, 2018 (the “Sixth Amendment to OTC Credit Agreement”) to the Third Amended and Restated Credit Agreement dated as of October 29, 2012, as amended (the “OTC Credit Agreement”) among the Company, U.S. Bank National Association, as Administrative Agent (the “OTC Agent”) and the banks party thereto from time to time (the “OTC Banks”). The OTC Credit Agreement provides for an unsecured revolving credit facility with a \$130 million line of credit that the Company can draw on to refinance certain indebtedness and support the operations of the Company and its subsidiaries, and is described in and filed as Exhibit 4.1 to the Company’s Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on November 2, 2012, Exhibit 4.1 to the Company’s Form 8-K filed with the SEC on November 1, 2013, Exhibit 4.1 to the Company’s Form 8-K filed with the SEC on November 4, 2014, Exhibit 4.1 to the Company’s Form 8-K filed with the SEC on November 3, 2015, Exhibit 4.1 to the Company’s Form 8-K filed with the SEC on November 3, 2016 and Exhibit 4.1 to the Company’s Form 8-K filed with the SEC on November 2, 2017.

The Sixth Amendment to OTC Credit Agreement was entered into among the Company, the OTC Agent and the OTC Banks to extend the termination date of the facility from October 31, 2022 to October 31, 2023 and to make certain other immaterial changes consistent with provisions in similar agreements. The summary in this Item 1.01 of the material terms of the Sixth Amendment to OTC Credit Agreement is qualified in its entirety by reference to the full text of the Sixth Amendment to OTC Credit Agreement, a copy of which is filed as Exhibit 4.1 hereto and incorporated herein by reference.

Amendment of Otter Tail Power Company Credit Agreement

On October 31, 2018, Otter Tail Power Company (“OTP”), a wholly owned subsidiary of the Company, entered into an amendment dated as of October 31, 2018 (the “Sixth Amendment to OTP Credit Agreement”) to the Second Amended and Restated Credit Agreement dated as of October 29, 2012, as amended (the “OTP Credit Agreement”) among OTP, U.S. Bank National Association, as Administrative Agent (the “OTP Agent”), and the Banks party thereto from time to time (the “OTP Banks”). The OTP Credit Agreement provides for an unsecured revolving credit facility with a \$170 million line of credit that OTP can draw on to support the working capital needs and other capital requirements of its operations, and is described in and filed as Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 2, 2012, Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 1, 2013, Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 4, 2014, Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 3, 2015, Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 3, 2016 and Exhibit 4.2 to the Company’s Form 8-K filed with the SEC on November 2, 2017.

The Sixth Amendment to OTP Credit Agreement was entered into among OTP, the OTP Agent and the OTP Banks to extend the termination date of the facility from October 31, 2022 to October 31, 2023, and to make certain other immaterial changes consistent with provisions in similar agreements. The summary in this Item 1.01 of the material terms of the Sixth Amendment to OTP Credit Agreement is qualified in its entirety by reference to the full text of the Sixth Amendment to OTP Credit Agreement, a copy of which is filed as Exhibit 4.2 hereto and incorporated herein by reference.

Certain Relationships

Certain of the banks party to one or both of the OTC Credit Agreement and the OTP Credit Agreement and/or their respective affiliates have had, and may in the future have, investment banking and other commercial dealings with the Company, OTP and their other affiliates, for which such banks or their respective affiliates have received and may in the future receive customary compensation. Such dealings have included the following: (i) U.S. Bank National Association (“U.S. Bank”), JPMorgan Chase Bank, N.A., Bank of America, N.A. (“Bank of America”), and KeyBank National Association (“KeyBank”) are parties to both credit agreements; (ii) Merrill Lynch, Pierce, Fenner and Smith Incorporated, an affiliate of Bank of America, acted as placement agent in connection with the 2011 issuance by OTP of its 4.63% Senior Unsecured Notes due December 1, 2021; (iii) JPMorgan Securities LLC (“JPMS”), an affiliate of JPMorgan Chase Bank, N.A., acted as sole placement agent in connection with a note purchase agreement entered into on August 14, 2013 for the private placement of \$60 million aggregate principal amount of OTP’s 4.68% Series A Senior Unsecured Notes due February 27, 2029 and \$90 million aggregate principal amount of OTP’s 5.47% Series B Senior Unsecured Notes due February 27, 2044, both issued on February 27, 2014; (iv) KeyBank was the Company’s investment banker in connection with the dispositions of Aevenia, Inc. (closed February 28, 2015) and Foley Company (closed April 30, 2015); (v) JPMorgan Chase Bank, N.A. acted as administrative agent and JPMS acted as lead arranger and book runner in connection with the Term Loan Agreement with the Company entered into on February 5, 2016 for a \$50 million unsecured two-year term loan; (vi) Bank of America Merrill Lynch Incorporated, an affiliate of Bank of America, and U.S. Bancorp Investments, Inc., an affiliate of U.S. Bank, acted as placement agents in connection with a note purchase agreement entered into on September 23, 2016 for the private placement of \$80 million aggregate principal amount of the Company’s 3.55% Guaranteed Senior Notes due December 15, 2026 and (vii) JPMS and KeyBanc Capital Markets (KeyBanc Capital Markets and KeyBank National Association are subsidiaries of KeyCorp) acted as placement agents in connection with a note purchase agreement entered into on November 14, 2017 for the placement of \$100 million aggregate principal amount of the Company’s 4.07% Series 2018A Senior Unsecured Notes due February 7, 2048.

Item 2.02 Results of Operations and Financial Condition

On November 5, 2018 Otter Tail Corporation issued a press release concerning consolidated financial results for the third quarter of 2018. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 4.1 [Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of October 31, 2018, among Otter Tail Corporation, U.S. Bank National Association, as Administrative Agent and as a Bank, Bank of America, N.A. and JPMorgan Chase Bank, N.A., each as a Co-Syndication Agent and as a Bank, KeyBank National Association, as Documentation Agent and as a Bank, and Bank of the West as a Bank.](#)
- 4.2 [Sixth Amendment to Second Amended and Restated Credit Agreement, dated as of October 31, 2018, among Otter Tail Power Company, U.S. Bank National Association, as Administrative Agent and as a Bank, Bank of America, N.A. and JPMorgan Chase Bank, N.A., each as a Co-Syndication Agent and as a Bank, KeyBank National Association, as Documentation Agent and as a Bank, CoBank, ACB, as a Co-Documentation Agent and as a Bank, and Wells Fargo Bank, National Association as a Bank.](#)
- 99.1 [Press Release issued November 5, 2018.](#)

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, thereunto duly authorized.

Date: November 6, 2018

OTTER TAIL CORPORATION

By: /s/ Kevin G. Moug
Kevin G. Moug
Chief Financial Officer

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Section 2: EX-4.1 (EXHIBIT 4.1)

EXHIBIT 4.1

SIXTH AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT (this “Amendment”), dated as of October 31, 2018, amends and modifies that certain Third Amended and Restated Credit Agreement, dated as of October 29, 2012 (as amended by the First Amendment thereto dated October 29, 2013, the Second Amendment thereto dated November 3, 2014, the Third Amendment thereto dated October 29, 2015, the Fourth Amendment thereto dated October 31, 2016 and the Fifth Amendment thereto dated October 31, 2017, the “Credit Agreement”), among Otter Tail Corporation (the “Borrower”), U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the “Agent”), and the Lenders, as defined therein. Terms not otherwise expressly defined herein shall have the meanings set forth in the Credit Agreement.

FOR VALUE RECEIVED, the Borrower, the Lenders and the Agent agree that the Credit Agreement is amended as follows.

ARTICLE I - AMENDMENTS

1.1 The definition of “Termination Date” appearing in Section 1.1 of the Credit Agreement is hereby amended to replace the date “October 31, 2022” with the date “October 31, 2023”.

1.2 Section 1.1 of the Credit Agreement is hereby amended to insert the following definitions alphabetically therein:

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

1.3 The definition of “Anti-Corruption Laws” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “anti-money laundering,” immediately after the phrase “relating to”.

1.4 The definition of “Applicable Commitment Fee Rate; Applicable Margin” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Applicable Commitment Fee Rate; Applicable Margin” means, on and after the receipt of confirmation of the Long Term Debt Rating, the percentages set forth below, determined based on the applicable Level set forth in this definition:

Level:	Applicable Margin		Applicable Commitment Fee Rate
	LIBOR Advances	Base Rate Advances	
Level I:	1.125%	0.125%	0.125%
Level II:	1.25%	0.25%	0.175%
Level III:	1.50%	0.50%	0.225%
Level IV	1.75%	0.75%	0.275%
Level V	2.00%	1.00%	0.350%

The Applicable Commitment Fee Rate and Applicable Margin shall be adjusted ten (10) Business Days after any change in ratings that would require such adjustment. For purposes of this definition, the Levels shall be defined and determined as follows:

Level I shall apply if the Borrower’s Long Term Debt Rating is A- or better (S&P), A3 or better (Moody’s) and A- or better (Fitch).

Level II shall apply if the Borrower’s Long Term Debt Rating is BBB+ (S&P), Baa1 (Moody’s) and BBB+ (Fitch), but no numerically lower Level applies.

Level III shall apply if the Borrower’s Long Term Debt Rating is BBB (S&P), Baa2 (Moody’s) and BBB (Fitch), but no numerically lower Level applies.

Level IV shall apply if the Borrower’s Long Term Debt Rating is BBB- (S&P), Baa3 (Moody’s) and BBB- (Fitch), but no numerically lower Level applies.

Level V shall apply if the Borrower’s Long Term Debt Rating is BB+ or below (S&P), Ba1 or below (Moody’s) or BB+ or below (Fitch).

If the ratings established or deemed to have been established by S&P, Moody’s, and Fitch for the Borrower are different by one Level, the Level with two out of the three Senior Unsecured Debt Ratings falling thereunder shall apply. If the ratings differ by more than one Level and if the rating is the same by two rating agencies and the third agency rating is lower, then the higher rating shall govern and otherwise, the governing rating shall be the rating next below the highest of the three. If the Borrower is not rated by S&P, Moody’s or Fitch, then the rate shall be established by reference to Level V.

1.5 The definition of “Federal Funds Effective Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Federal Funds Effective Rate” means, for any day, the greater of (a) zero percent (0.0%) and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Central time) on such day on such transactions received by the Agent from three (3) Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

1.6 The definition of “LIBOR Interbank Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “, subject to the implementation of an alternative rate of interest in accordance with Section 5.2(b),” immediately after the word “means” in the first line thereof.

1.7 The definition of “LIBOR Interbank Daily Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “, subject to the implementation of an alternative rate of interest in accordance with Section 5.2(b),” immediately after the word “means” in the first line thereof.

1.8 The definition of “Sanctioned Person” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Sanctioned Person” means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, (d) any Person 50% or more owned, directly or indirectly, by any of the above or (e) any Person otherwise the subject of any Sanctions.

1.9 The definition of “Sanctions” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any EU member state, Her Majesty’s Treasury of the United Kingdom or any other governmental authority.

1.10 Section 5.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Section 5.2 Deposits Unavailable or Interest Rate Unascertainable or Inadequate: Impracticability. (a) Unless and until an alternative rate has been implemented in accordance with Section 5.2(b) below, if the Agent determines (which determination shall be conclusive and binding on the parties hereto), or in the case of Section 5.2(a)(ii), the Agent or the Required Banks determine, that:

- (i) deposits of the necessary amount for the relevant Interest Period for any LIBOR Advance are not available in the relevant markets or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the LIBOR Interbank Rate for such Interest Period; or
- (ii) that the LIBOR Rate (Reserve Adjusted) will not adequately and fairly reflect the cost to the Banks of making, maintaining or funding the LIBOR Advance for a relevant Interest Period;

the Agent shall promptly give notice of such determination to the Borrower, and (i) any notice of a new LIBOR Advance previously given by the Borrower and not yet borrowed or converted shall be deemed to be a notice to make a Base Rate Advance, and (ii) the Borrower shall be obligated to either prepay in full any outstanding LIBOR Advances or convert any such LIBOR Advance to a Base Rate Advance, without premium or penalty on the last day of the current Interest Period with respect thereto.

(b) Notwithstanding the foregoing, in the event the Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in Section 5.2(a) have arisen and such circumstances are unlikely to be temporary, (ii) ICE Benchmark Administration (or any Person that takes over the administration of such rate) discontinues its administration and publication of interest settlement rates for deposits in United States dollars, or (iii) the supervisor for the administrator of the interest settlement rate described in clause (ii) of this Section 5.2(b) or a governmental authority having jurisdiction over the Agent has made a public statement identifying a specific date after which such interest settlement rate shall no longer be used for determining interest rates for loans, then the Agent and the Borrower shall seek to jointly agree upon an alternate rate of interest to the LIBOR Interbank Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and the Agent and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 12.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Agent shall not have received, within five (5) Business Days of the date such amendment is provided to the Banks, a written notice from the Required Banks stating that such Required Banks object to such amendment. Until an alternate rate of interest shall be determined in accordance with this Section 5.2(b), (x) any request pursuant to Section 2.4 that requests the conversion of any outstanding Advance to, or continuation of any LIBOR Advance as, a LIBOR Advance shall be ineffective and any such Advance shall be continued as or converted to, as the case may be, a Base Rate

Advance, and (y) if any request pursuant to Section 2.3 requests a LIBOR Advance, such Advance shall be made as a Base Rate Advance. If the alternate rate of interest determined pursuant to this Section 5.2(b) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

1.11 Article VII of the Credit Agreement is hereby amended to insert the following new Section 7.20 immediately following Section 7.19:

Section 7.20 Benefit Plans. The Borrower is not and will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments.

1.12 Article VII of the Credit Agreement is hereby amended to insert the following new Section 7.21 at the end thereof:

Section 7.21 Beneficial Ownership Certification. The information included in any Beneficial Ownership Certification is true, correct and complete in all respects.

1.13 Section 8.1(i) of the Credit Agreement is hereby amended to insert the phrase “and the Beneficial Ownership Regulation” at the end thereof.

1.14 Article VIII of the Credit Agreement is hereby amended to insert the following new Section 8.1(j) immediately following Section 8.1(i):

(j) Promptly after becoming aware of the occurrence thereof, notice of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification.

1.15 Article XI of the Credit Agreement is hereby amended to insert the following new Section 11.10 at the end thereof:

Section 11.10 Additional ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto, to the date such Person ceases being a Bank party hereto, for the benefit of the Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any of its affiliates, that at least one of the following is and will be true: (i) such Bank is not using “plan assets” within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of one or more Benefit Plans in connection with the Loans or the Commitments, (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the

Commitments and this Agreement, (iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or (iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Bank.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or such Bank has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) The Agent and each arranger hereby informs the Banks that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, or the Commitments for an amount less than the amount being paid for an interest in the Loans, or the Commitments by such Bank or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker’s acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

1.16 Schedule 1.1(a) (Commitments and Percentages), Schedule 1.1(b) (Material Subsidiaries), Schedule 1.1(c) (Departing Bank Schedule), Schedule 7.6 (Litigation and Contingent Liabilities), Schedule 7.15 (Subsidiaries), Schedule 7.16 (Partnerships/Joint Ventures), Schedule 9.4 (Exceptions to Ownership of Material Subsidiaries), Schedule 9.7 (Investments), Schedule 9.8 (Existing Liens) and Schedule 9.10 (Certain Transactions with Related Parties), are hereby amended in their entirety to be in the forms of Schedule 1.1(a), Schedule 1.1(b), Schedule 1.1(c), Schedule 7.6,

Schedule 7.15, Schedule 7.16, Schedule 9.4, Schedule 9.7, Schedule 9.8 and Schedule 9.10 attached hereto and made a part hereof.

ARTICLE II - REPRESENTATIONS AND WARRANTIES

To induce the Agent and the Lenders to enter into this Amendment and to make and maintain the Loans under the Credit Agreement as amended hereby, the Borrower hereby warrants and represents to the Agent and the Lenders that it is duly authorized to execute and deliver this Amendment, and to perform its obligations under the Credit Agreement as amended hereby, and that this Amendment constitutes the legal, valid and binding agreement of the Borrower, enforceable in accordance with its terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

ARTICLE III - CONDITIONS PRECEDENT

This Amendment shall become effective on the date first set forth above, provided, however, that the effectiveness of this Amendment is subject to the satisfaction of each of the following conditions precedent:

3.1 Warranties. Before and after giving effect to this Amendment, the representations and warranties in the Credit Agreement shall be true and correct as though made on the date hereof with respect to representations and warranties containing qualifications as to materiality, and true and correct as though made on the date hereof in all material respects with respect to representations and warranties without qualifications as to materiality, except for changes that are permitted by the terms of the Credit Agreement. The execution by the Borrower of this Amendment shall be deemed a representation that the Borrower has complied with the foregoing condition.

3.2 Defaults. Before and after giving effect to this Amendment, no Default and no Event of Default shall have occurred and be continuing under the Credit Agreement. The execution by the Borrower of this Amendment shall be deemed a representation that the Borrower has complied with the foregoing condition.

3.3 Documents. The Borrower, the Agent and the Lenders shall have executed and delivered this Amendment.

3.4 Fees. The Agent shall have received all fees and other amounts due and payable on or prior to the date hereof, including, without limitation, (i) all fees set forth in that certain Fee Letter by and between the Borrower and the Agent dated as of October 31, 2018 and (ii) to the extent invoiced reasonably in advance, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower under the Credit Agreement.

3.5 Beneficial Ownership Certification. If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Borrower shall have delivered to any applicable Lender a Beneficial Ownership Certification in relation to the Borrower.

ARTICLE IV - GENERAL

4.1 Expenses. The Borrower agrees to reimburse the Agent upon demand for all reasonable expenses (including reasonable attorneys' fees and legal expenses) incurred by the Agent in the preparation, negotiation and execution of this Amendment and any other document required to be furnished herewith.

4.2 Counterparts. This Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same instrument.

4.3 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

4.4 Governing Law. This Amendment shall be a contract made under the laws of the State of Minnesota, which laws shall govern all the rights and duties hereunder.

4.5 Successors; Enforceability. This Amendment shall be binding upon the Borrower, the Agent and the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Agent and the Lenders and the successors and assigns of the Agent and the Lenders. Except as hereby amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first written above.

OTTER TAIL CORPORATION

By: /s/ Kevin Moug

Title: Chief Financial Officer

4150 19th Avenue South
Suite 101
Fargo, North Dakota 58103
Attention: Mr. Kevin G. Moug,
Chief Financial Officer
Telephone: (701) 451-3562
Fax: (701) 232-4108

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

U.S. BANK NATIONAL ASSOCIATION,
as Agent and a Bank

By: /s/ Jacquelyn Ness

Title: Vice President

505 Second Avenue North
Mail Code EP-ND-0630
Fargo, ND 58102
Attention: Jacquelyn Ness, Vice President
Telephone: (701) 280-3655
Fax: (701) 280-3580

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

BANK OF AMERICA, N.A., as Co-Syndication Agent and as a Bank

By: /s/ A. Quinn Richardson

Title: Senior Vice President

IL-4135-07-65
135 S. LaSalle Street
Chicago, IL 60603
Attention: A. Quinn Richardson
Senior Vice President
Telephone: (312) 992-2160
Fax: (312) 992-2650

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

JPMORGAN CHASE BANK, N.A., as Co-Syndication Agent and as a Bank

By: /s/ Justin Martin

Title: Authorized Officer

10 South Dearborn, 9th Floor, IL1-0090

Chicago, IL 60603

Attention: Justin Martin

Telephone: (312) 732-4441

Fax: (312) 732-1762

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

KEYBANK NATIONAL ASSOCIATION, as Documentation Agent and as a
Bank

By: /s/ Keven D. Smith

Title: Senior Vice President

127 Public Square
Mail Code: OH-01-27-1125
Cleveland, OH 44114
Attention: Keven D. Smith
Telephone: (206) 343-6966
Fax: (216) 689-4981

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

BANK OF THE WEST, a California Banking Corporation, as a Bank

By: /s/ David Wang

Title: Director

250 Marquette Ave., Suite 575

Minneapolis, MN 55401

Attention: David Wang

Telephone: (612) 339-1403

Fax: (612) 339-6362

(Signature Page to Sixth Amendment to Otter Tail Corporation Credit Agreement)

Schedule 1.1(a)
Commitments and Percentages

<u>Bank:</u>	<u>Initial Commitment:</u>	<u>Percentage:</u>
U.S. Bank National Association	\$39,000,000	30%
JPMorgan Chase Bank, N.A.	\$26,000,000	20%
Bank of America, N.A.	\$26,000,000	20%
KeyBank National Association	\$23,833,333	18.333333076923%
Bank of the West	\$15,166,667	11.666666923077%
<hr/>		
Total:	\$130,000,000	100%

Schedule 1.1(b)

Material Subsidiaries
(as of the date of the Fourth Amended and Restated Credit Agreement)

BTD Manufacturing, Inc.
Northern Pipe Products, Inc.
Varistar Corporation
Vinyltech Corporation

Schedule 1.1(c)
Departing Bank Schedule

None.

Schedule 7.6

Litigation (Section 7.6) Contingent Liabilities (Section 7.6)

Contingent Liabilities

Based on a potential reduction by the FERC in the ROE component of the MISO Tariff, OTP has recorded a \$1,637,650 liability on its balance sheet as of September 30, 2018, representing OTP's best estimate of a refund obligation that would arise, net of amounts that would be subject to recovery under state jurisdictional TCR riders, if FERC orders a reduction in ROE component of the MISO Tariff.

In 2015 the Environmental Protection Agency (EPA), acting under Section 111(d) of the Clean Air Act, issued the Clean Power Plan which required states to submit plans to limit CO² emissions from certain fossil fuel-fired power plants. The rule is not currently in effect as a result of a stay by the Supreme Court in 2016. In 2017, EPA issued a Notice of Proposed Rulemaking to repeal the Clean Power Plan; comments were due in April 2018.

On August 21, 2018 EPA proposed a replacement for the Clean Power Plan -- the Affordable Clean Energy (ACE) Rule. Among other things, the ACE Rule (1) determines that the Best System of Emission Reduction for greenhouse gas emissions from coal-fired power plants is to improve the plants' heat rates, (2) identifies a list of "candidate technologies" for improving a plant's heat rate and (3) proposes that physical or operational changes to a power plant would not be a "major modification" triggering extensive New Source Review, if the change does increase hourly emissions. Comments on the ACE Rule are due October 31, 2018. If the ACE Rule goes into effect, states will have three years after the final rule to submit a state implementation plan.

Schedule 7.15

Subsidiaries (Section 7.15)
Subsidiaries of Otter Tail Corporation

Company	State of Organization	Number and Class of Shares Issued and Owned by Otter Tail Corporation or its Subsidiaries	Footnote Ref.
AEV, Inc.	Minnesota	100 Shares Common	(1)
BTD Manufacturing, Inc.	Minnesota	200 Shares Common	(1)
IMD, Inc.	North Dakota	980 Shares Common	(1)
Northern Pipe Products, Inc.	North Dakota	10,000 Shares Common	(1)
Otter Tail Assurance Limited	Cayman Islands	50,000 Shares Common	(3)
Otter Tail Energy Services Company, Inc.	Minnesota	1,000 Shares Common	(3)
Otter Tail Power Company	Minnesota	100 Shares Common	(3)
Sheridan Ridge II, LLC	Minnesota	1,000 Membership Units	(2)
Shrco, Inc.	Minnesota	100 Shares Common	(1)
T.O. Plastics, Inc.	Minnesota	100 Shares Common	(1)
Varistar Corporation	Minnesota	100 Shares Common	(3)
Vinyltech Corporation	Arizona	100 Shares Common	(1)

(1) Subsidiary of Varistar Corporation

(2) Subsidiary of Otter Tail Energy Services Company, Inc.

(3) Subsidiary of Otter Tail Corporation

Schedule 7.16
Partnerships and Joint Ventures
as of September 30, 2018

Partnership Name	Type of Partnership Interest	Ownership Percentage	Book value of Investment September 30, 2018
Walnut Properties Limited – Summit Group	Limited	15.7	\$0
The Homestead Limited Partnership	Limited	89.0	\$0
Lincoln Square of Alexandria Limited Partnership	Limited	89.0	\$0
Total			\$0

In the ordinary course of business, Otter Tail Power Company has entered into contractual arrangements with other regional utilities providing for ownership interests (both as tenants-in-common and discretely) in transmission and generation assets.

No Subsidiary Guarantor has any partnership or joint venture interest.

Schedule 9.4

Exceptions to Ownership of Material Subsidiaries (Section 9.4)

None.

Schedule 9.7

Investments (Section 9.7)

	As of Sept 30, 2018
Investment in Loan Pools (OTP)	37,444
Investments – Bank of Butterfield (OTAL)	8,965,503
CoBank (St Paul Bank for Coop's) (VSC)	73,012
Trusts Associated with Large Transmission Projects (OTP)	1,217,559
Other Miscellaneous (OTP)	25,709
Total Investments of Otter Tail Corporation and Subsidiaries	\$ 10,319,227

Schedule 9.8

Existing Liens (Section 9.8)

None.

Certain Transactions with Related Parties (Section 9.10)

None.

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Section 3: EX-4.2 (EXHIBIT 4.2)

EXHIBIT 4.2

SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT (this “Amendment”), dated as of October 31, 2018, amends and modifies that certain Second Amended and Restated Credit Agreement, dated as of October 29, 2012 (as amended by the First Amendment thereto dated October 29, 2013, the Second Amendment thereto dated November 3, 2014, the Third Amendment thereto dated October 29, 2015, the Fourth Amendment thereto dated October 31, 2016 and the Fifth Amendment thereto dated October 31, 2017, the “Credit Agreement”), among Otter Tail power company (the “Borrower”), U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the “Agent”), and the Lenders, as defined therein. Terms not otherwise expressly defined herein shall have the meanings set forth in the Credit Agreement.

FOR VALUE RECEIVED, the Borrower, the Lenders and the Agent agree that the Credit Agreement is amended as follows.

ARTICLE I - AMENDMENTS

1.1 The definition of “Termination Date” appearing in Section 1.1 of the Credit Agreement is hereby amended to replace the date “October 31, 2022” with the date “October 31, 2023”.

1.2 Section 1.1 of the Credit Agreement is hereby amended to insert the following definitions alphabetically therein:

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

1.3 The definition of “Anti-Corruption Laws” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “anti-money laundering,” immediately after the phrase “relating to”.

1.4 The definition of “Federal Funds Effective Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Federal Funds Effective Rate” means, for any day, the greater of (a) zero percent (0.0%) and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Central time) on such day on such transactions received by the Agent from three (3) Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

1.5 The definition of “LIBOR Interbank Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “, subject to the implementation of an alternative rate of interest in accordance with Section 5.2(b),” immediately after the word “means” in the first line thereof.

1.6 The definition of “LIBOR Interbank Daily Rate” appearing in Section 1.1 of the Credit Agreement is hereby amended to insert the phrase “, subject to the implementation of an alternative rate of interest in accordance with Section 5.2(b),” immediately after the word “means” in the first line thereof.

1.7 The definition of “Sanctioned Person” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Sanctioned Person” means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, (d) any Person 50% or more owned, directly or indirectly, by any of the above or (e) any Person otherwise the subject of any Sanctions.

1.8 The definition of “Sanctions” appearing in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any EU member state, Her Majesty’s Treasury of the United Kingdom or any other governmental authority.

1.9 Section 5.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Section 5.2 Deposits Unavailable or Interest Rate Unascertainable or Inadequate; Impracticability. (a) Unless and until an alternative rate has been implemented in accordance with Section 5.2(b) below, if the Agent determines (which determination shall be conclusive and

binding on the parties hereto), or in the case of Section 5.2(a)(ii), the Agent or the Required Banks determine, that:

- (i) deposits of the necessary amount for the relevant Interest Period for any LIBOR Advance are not available in the relevant markets or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the LIBOR Interbank Rate for such Interest Period; or
- (ii) that the LIBOR Rate (Reserve Adjusted) will not adequately and fairly reflect the cost to the Banks of making, maintaining or funding the LIBOR Advance for a relevant Interest Period;

the Agent shall promptly give notice of such determination to the Borrower, and (i) any notice of a new LIBOR Advance previously given by the Borrower and not yet borrowed or converted shall be deemed to be a notice to make a Base Rate Advance, and (ii) the Borrower shall be obligated to either prepay in full any outstanding LIBOR Advances or convert any such LIBOR Advance to a Base Rate Advance, without premium or penalty on the last day of the current Interest Period with respect thereto.

(b) Notwithstanding the foregoing, in the event the Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in Section 5.2(a) have arisen and such circumstances are unlikely to be temporary, (ii) ICE Benchmark Administration (or any Person that takes over the administration of such rate) discontinues its administration and publication of interest settlement rates for deposits in United States dollars, or (iii) the supervisor for the administrator of the interest settlement rate described in clause (ii) of this Section 5.2(b) or a governmental authority having jurisdiction over the Agent has made a public statement identifying a specific date after which such interest settlement rate shall no longer be used for determining interest rates for loans, then the Agent and the Borrower shall seek to jointly agree upon an alternate rate of interest to the LIBOR Interbank Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and the Agent and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary in Section 12.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Agent shall not have received, within five (5) Business Days of the date such amendment is provided to the Banks, a written notice from the Required Banks stating that such Required Banks object to such amendment. Until an alternate rate of interest shall be determined in accordance with this Section 5.2(b), (x) any request pursuant to Section 2.4 that requests the conversion of any outstanding Advance to, or continuation of any LIBOR Advance as, a LIBOR Advance shall be ineffective and any such Advance shall be continued as or converted to, as the case may be, a Base Rate Advance, and (y) if any request pursuant to Section 2.3 requests a LIBOR Advance, such Advance shall be made as a Base Rate Advance. If the alternate rate of interest determined pursuant to this Section 5.2(b) shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

1.10 Article VII of the Credit Agreement is hereby amended to insert the following new Section 7.20 immediately following Section 7.19:

Section 7.20 Benefit Plans. The Borrower is not and will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments.

1.11 Article VII of the Credit Agreement is hereby amended to insert the following new Section 7.21 at the end thereof:

Section 7.21 Beneficial Ownership Certification. The information included in any Beneficial Ownership Certification is true, correct and complete in all respects.

1.12 Section 8.1(l) of the Credit Agreement is hereby amended to insert the phrase “and the Beneficial Ownership Regulation” at the end thereof.

1.13 Article VIII of the Credit Agreement is hereby amended to insert the following new Section 8.1(m) immediately following Section 8.1(l):

(m) Promptly after becoming aware of the occurrence thereof, notice of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification.

1.14 Article XI of the Credit Agreement is hereby amended to insert the following new Section 11.10 at the end thereof:

Section 11.10 Additional ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto, to the date such Person ceases being a Bank party hereto, for the benefit of the Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any of its affiliates, that at least one of the following is and will be true: (i) such Bank is not using “plan assets” within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of one or more Benefit Plans in connection with the Loans or the Commitments, (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, (iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of

such Bank to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or (iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Bank.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or such Bank has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) The Agent and each arranger hereby informs the Banks that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, or the Commitments for an amount less than the amount being paid for an interest in the Loans, or the Commitments by such Bank or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

1.15 Schedule 1.1(a) (Commitments and Percentages), Schedule 1.1(b) (Material Subsidiaries), Schedule 7.6 (Litigation and Contingent Liabilities), Schedule 7.15 (Subsidiaries), Schedule 7.16 (Partnerships/Joint Ventures), Schedule 9.4 (Stock Ownership Transactions), Schedule 9.7 (Investments), Schedule 9.8 (Liens) and Schedule 9.10 (Transactions with Related Parties), are hereby amended in their entirety to be in the forms of Schedule 1.1(a), Schedule 1.1(b), Schedule 7.6, Schedule 7.15, Schedule 7.16, Schedule 9.4, Schedule 9.7, Schedule 9.8 and Schedule 9.10 attached hereto and made a part hereof.

ARTICLE II - REPRESENTATIONS AND WARRANTIES

To induce the Agent and the Lenders to enter into this Amendment and to make and maintain the Loans under the Credit Agreement as amended hereby, the Borrower hereby warrants and represents to the Agent and the Lenders that it is duly authorized to execute and deliver this Amendment, and to perform its obligations under the Credit Agreement as amended hereby, and that this Amendment constitutes the legal, valid and binding agreement of the Borrower, enforceable in accordance with its terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

ARTICLE III - CONDITIONS PRECEDENT

This Amendment shall become effective on the date first set forth above, provided, however, that the effectiveness of this Amendment is subject to the satisfaction of each of the following conditions precedent:

3.1 Warranties. Before and after giving effect to this Amendment, the representations and warranties in the Credit Agreement shall be true and correct as though made on the date hereof with respect to representations and warranties containing qualifications as to materiality, and true and correct as though made on the date hereof in all material respects with respect to representations and warranties without qualifications as to materiality, except for changes that are permitted by the terms of the Credit Agreement. The execution by the Borrower of this Amendment shall be deemed a representation that the Borrower has complied with the foregoing condition.

3.2 Defaults. Before and after giving effect to this Amendment, no Default and no Event of Default shall have occurred and be continuing under the Credit Agreement. The execution by the Borrower of this Amendment shall be deemed a representation that the Borrower has complied with the foregoing condition.

3.3 Documents. The Borrower, the Agent and the Lenders shall have executed and delivered this Amendment.

3.4 Fees. The Agent shall have received all fees and other amounts due and payable on or prior to the date hereof, including, without limitation, (i) all fees set forth in that certain Fee Letter by and between the Borrower and the Agent dated as of October 31, 2018 and (ii) to the extent invoiced reasonably in advance, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower under the Credit Agreement.

3.5 Beneficial Ownership Certification. If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Borrower shall have delivered to any applicable Lender a Beneficial Ownership Certification in relation to the Borrower.

ARTICLE IV - GENERAL

4.1 Expenses. The Borrower agrees to reimburse the Agent upon demand for all reasonable expenses (including reasonable attorneys' fees and legal expenses) incurred by the Agent

in the preparation, negotiation and execution of this Amendment and any other document required to be furnished herewith.

4.2 Counterparts. This Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same instrument.

4.3 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

4.4 Governing Law. This Amendment shall be a contract made under the laws of the State of Minnesota, which laws shall govern all the rights and duties hereunder.

4.5 Successors; Enforceability. This Amendment shall be binding upon the Borrower, the Agent and the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Agent and the Lenders and the successors and assigns of the Agent and the Lenders. Except as hereby amended, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first written above.

OTTER TAIL POWER COMPANY

By: /s/ Kevin Moug

Title: Treasurer

4150 19th Avenue South
Suite 101
Fargo, North Dakota 58103
Attention: Mr. Kevin G. Moug,
Treasurer
Telephone: (701) 451-3562
Fax: (701) 232-4108

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

U.S. BANK NATIONAL ASSOCIATION,
as Agent and a Bank

By: /s/ Jacquelyn Ness

Title: Vice President

505 Second Avenue North
Mail Code EP-ND-0630
Fargo, ND 58102
Attention: Jacquelyn Ness, Vice President
Telephone: (701) 280-3655
Fax: (701) 280-3580

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

JPMORGAN CHASE BANK, N.A., as a Co-Syndication Agent and as a Bank

By: /s/ Justin Martin

Title: Authorized Officer

10 South Dearborn, 9th Floor, IL1-0090

Chicago, IL 60603

Attention: Justin Martin

Telephone: (312) 732-4441

Fax: (312) 732-1762

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

BANK OF AMERICA, N.A., as Co-Syndication Agent and as a Bank

By: /s/ A. Quinn Richardson

Title: Senior Vice President

IL-4135-07-65
135 S. LaSalle Street
Chicago, IL 60603
Attention: A. Quinn Richardson
Senior Vice President
Telephone: (312) 992-2160
Fax: (312) 992-2650

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

KEYBANK NATIONAL ASSOCIATION, as Documentation Agent and as a
Bank

By: /s/ Keven D. Smith

Title: Senior Vice President

127 Public Square
Mail Code: OH-01-27-1125
Cleveland, OH 44114
Attention: Keven D. Smith
Telephone: (206) 343-6966
Fax: (216) 689-4981

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as a Bank

By: /s/ Jesse Tannuzzo

Title: Vice President

90 S 7th Street, 15th Floor
MAC: N9305-156
Minneapolis, MN 55402
Attention: Jesse Tannuzzo
Telephone: 612-667-0030

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

COBANK, ACB, as a Co-Documentation Agent and as a Bank

By: /s/ Ryan Spearman

Title: Vice President

6340 S. Fiddlers Green Cir.
Greenwood Village, CO 80111
Attention: Ryan Spearman
Telephone: 303-793-2153

(Signature Page to Sixth Amendment to Otter Tail Power Company Credit Agreement)

Schedule 1.1(a)

Commitments and Percentages

<u>Bank</u>	<u>Initial Commitment:</u>	<u>Percentage:</u>
U.S. Bank National Association	\$52,500,000	30.882352941176%
JPMorgan Chase Bank, N.A.	\$32,500,000	19.117647058824%
Bank of America, N.A.	\$32,500,000	19.117647058824%
KeyBank National Association	\$17,500,000	10.294117647059%
CoBank, ACB	\$17,500,000	10.294117647059%
Wells Fargo Bank, National Association	\$17,500,000	10.294117647059%
<hr/>		
Total:	\$170,000,000	100%

Schedule 1.1(b)

Material Subsidiaries of Otter Tail Power Company

None

Schedule 7.6

Litigation (Section 7.6) Contingent Liabilities (Section 7.6)

Contingent Liabilities

Based on a potential reduction by the FERC in the ROE component of the MISO Tariff, OTP has recorded a \$1,637,650 liability on its balance sheet as of September 30, 2018, representing OTP's best estimate of a refund obligation that would arise, net of amounts that would be subject to recovery under state jurisdictional TCR riders, if FERC orders a reduction in ROE component of the MISO Tariff.

In 2015 the Environmental Protection Agency (EPA), acting under Section 111(d) of the Clean Air Act, issued the Clean Power Plan which required states to submit plans to limit CO² emissions from certain fossil fuel-fired power plants. The rule is not currently in effect as a result of a stay by the Supreme Court in 2016. In 2017, EPA issued a Notice of Proposed Rulemaking to repeal the Clean Power Plan; comments were due in April 2018.

On August 21, 2018 EPA proposed a replacement for the Clean Power Plan -- the Affordable Clean Energy (ACE) Rule. Among other things, the ACE Rule (1) determines that the Best System of Emission Reduction for greenhouse gas emissions from coal-fired power plants is to improve the plants' heat rates, (2) identifies a list of "candidate technologies" for improving a plant's heat rate and (3) proposes that physical or operational changes to a power plant would not be a "major modification" triggering extensive New Source Review, if the change does increase hourly emissions. Comments on the ACE Rule are due October 31, 2018. If the ACE Rule goes into effect, states will have three years after the final rule to submit a state implementation plan.

Schedule 7.15
Subsidiaries (Section 7.15)

None.

Schedule 7.16

Partnerships/Joint Ventures (Section 7.16)

In the ordinary course of business, the Borrower has entered into contractual arrangements with other regional utilities providing for ownership interests (both as tenants-in-common and discretely) in transmission and generation assets.

Schedule 9.4

Stock Ownership Transactions (Section 9.4)

None.

Schedule 9.7

Investments (Section 9.7)

**Otter Tail Power Company
Detail of Investments**

	As of Sept 30, 2018
Investment in Loan Pools	\$ 37,444
Trusts Associated With Large Joint Transmission Projects	1,217,559
Other Miscellaneous	25,709
	<u>\$ 1,280,712</u>

Schedule 9.8

Liens (Section 9.8)

None.

None.

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Section 4: EX-99.1 (EXHIBIT 99.1)



Exhibit 99.1

NEWS RELEASE

Media contact: Stephanie Hoff, Director of Corporate Communications, (218) 739-8535 or (218) 205-6179
Investor contact: Loren Hanson, Manager of Investor Relations, (218) 739-8481 or (800) 664-1259

For release: November 5, 2018

Financial Media

**Otter Tail Corporation Announces Third Quarter Earnings;
Raises Low End of 2018 Earnings Per Share Guidance, Narrowing Range to \$2.00-2.10 from \$1.95-2.10
Board of Directors Declares Quarterly Dividend**

FERGUS FALLS, Minnesota - Otter Tail Corporation (NASDAQ: OTTR) today announced financial results for the quarter ended September 30, 2018.

Summary:

- Consolidated operating revenues increased 5% to \$227.7 million compared with \$216.5 million in the third quarter of 2017.
- Consolidated net income increased 31% to \$23.3 million compared with \$17.7 million in the third quarter of 2017.
- Consolidated diluted earnings increased 29% to \$0.58 per share compared with \$0.45 per share in the third quarter of 2017.
- The corporation is narrowing its 2018 earnings guidance range to \$2.00-\$2.10 from \$1.95-\$2.10 per diluted share.

CEO Overview

“Employees at our operating companies achieved another quarter of improved results with diluted earnings per share up \$0.13, or 29 percent over last year’s third quarter,” said Otter Tail Corporation President and CEO Chuck MacFarlane. “All operating segments improved their respective net income quarter over quarter. Interim rates in North Dakota, increased transmission investment, and favorable weather compared with 2017 third quarter weather positively impacted our Electric segment net earnings. Also, third quarter 2017 included additional interim rate refund accruals associated with our 2016 Minnesota rate case. Our Manufacturing segment attained increased revenues and earnings growth. Our Plastics segment’s performance yielded slightly stronger earnings driven mostly by the impact of lower tax rates. Lower tax rates under 2017 Tax Cuts and Jobs Act (TCJA) legislation continue to positively impact earnings in both the Plastics and Manufacturing segments.

“In a September 26, 2018 hearing, the North Dakota Public Service Commission (NDPSC) approved Otter Tail Power Company’s request to increase North Dakota customers’ rates. In November 2017 we filed a request to increase rates by approximately \$13.1 million. On January 1, 2018 we implemented an interim rate increase while the NDPSC considered the request. In March we lowered our overall request to \$7.1 million, primarily to reflect a reduction in income tax recovery requirements related to the TCJA, and we reduced interim rates accordingly. In July we reached a settlement with NDPSC staff and other intervenors. The NDPSC approved an overall revenue increase of \$4.6 million (3.1 percent) with a return on equity of 9.77 percent on a 52.5 percent equity capital structure. This compares with our March adjusted annual revenue increase request of \$7.1 million (4.8 percent) and a requested return on equity of 10.3 percent. The approval results in no rate base adjustments from our original request and allows for future rider recovery of the planned Astoria natural gas-fired generating facility. Final rates will be effective January 1, 2019, with refunds of excess revenues collected under interim rates applied to customers’ March 2019 bills.

“On April 20, 2018 Otter Tail Power Company filed a request with the South Dakota Public Utilities Commission (SDPUC) to increase non-fuel rates in South Dakota by approximately \$3.3 million annually, or 10.1 percent, as the first step in a two-step request. We implemented an interim rate increase on October 18, 2018. Our request includes lower federal income tax rates resulting from the TCJA, allowing for benefits of the lower tax rates to flow back to South Dakota customers. The second step in the request is an additional 1.7 percent increase to recover costs for the proposed Merricourt wind generation facility when the facility goes into service.

“Incremental growth from capital investment also benefited the utility. The Big Stone South-Ellendale line, a 345-kilovolt regional transmission project Otter Tail Power Company is managing and co-owns with another utility, is on budget and, with 100 percent of the structures set and over 85 percent of the conductor strung, remains on schedule for completion in 2019. Our investment in these transmission assets is expected to be approximately \$115 million. This is a Midcontinent Independent System Operator (MISO) designated Multi-Value Project, allowing rider cost recovery from all customers in MISO’s upper-Midwest footprint. The line will improve transmission reliability and allow for the interconnection of significant renewable and other generation resources.

“Overall, Otter Tail Power Company expects to invest \$980 million in capital projects from 2018 through 2022, including the Big Stone South-Ellendale line and regulated investments in renewable and natural gas-fired generation. This will produce a projected compounded annual growth rate of approximately 9 percent in utility rate base from 2017 through 2022 and will deliver value to customers and shareholders.

“Our Manufacturing segment showed a \$1.4 million net income improvement quarter-over-quarter or a \$0.04 increase in diluted earnings per share. This increase is primarily due to a significant quarter-over-quarter improvement at BTM Manufacturing’s Georgia plant related to increased revenues and improved gross margins.

“Our PVC pipe companies, Vinyltech and Northern Pipe Products, continue to show strong financial performance. Operating income was lower in third quarter 2018 compared with third quarter 2017 primarily due to the effect of hurricane-related market impacts in 2017. This decline in operating income was more than offset with lower tax rates under the TCJA and resulted in a \$0.3 million increase in Plastics segment net income, or \$0.01 increase in diluted earnings per share, quarter over quarter.

“Our strategic initiatives to grow our businesses, achieve operational and commercial excellence, and develop our talent continue to strengthen our position in the markets we serve. We are narrowing our 2018 diluted earnings per share guidance range to \$2.00-\$2.10 from \$1.95-\$2.10.”

Cash Flows and Liquidity

Our consolidated cash provided by operations for the nine months ended September 30, 2018 was \$100.9 million compared with \$114.1 million for the nine months ended September 30, 2017. Primary reasons for the \$13.2 million decrease in cash provided by operations between the periods were:

- A \$20.0 million increase in discretionary contributions to the corporation’s funded pension plan.
- An \$8.2 million reduction in the level of increases in deferred tax liabilities related to the lower federal income tax rate under the TCJA.
- A \$1.9 million increase in cash used for working capital items.

offset by:

- A \$14.1 million increase in net income.
- A \$2.5 million increase in depreciation and amortization expense.

The following table presents the status of the corporation’s lines of credit:

<i>(in thousands)</i>	Line Limit	In Use On September 30, 2018	Restricted due to Outstanding Letters of Credit	Available on September 30, 2018	Available on December 31, 2017
Otter Tail Corporation Credit Agreement	\$ 130,000	\$ 15,489	\$ --	\$ 114,511	\$ 130,000
Otter Tail Power Company Credit Agreement	170,000	--	300	169,700	57,329
Total	\$ 300,000	\$ 15,489	\$ 300	\$ 284,211	\$ 187,329

On October 31, 2018 both credit agreements were amended to extend the expiration dates by one year from October 31, 2022 to October 31, 2023.

Board of Directors Declared Quarterly Dividend

On November 5, 2018 the corporation’s Board of Directors declared a quarterly common stock dividend of \$0.335 per share. This dividend is payable December 10, 2018 to shareholders of record on November 15, 2018.

Segment Performance Summary

Electric

(\$s in thousands)	Three Months ended September 30,		Change	% Change
	2018	2017		
Retail Electric Revenues	\$ 88,433	\$ 88,953	\$ (520)	(0.6)
Wholesale Electric Revenues	2,826	1,549	1,277	82.4
Other Electric Revenues	14,183	12,897	1,286	10.0
Total Electric Revenues	\$ 105,442	\$ 103,399	\$ 2,043	2.0
Net Income	\$ 14,567	\$ 10,869	\$ 3,698	34.0
Retail Megawatt-hour (mwh) Sales	1,079,622	1,060,858	18,764	1.8
Heating Degree Days	107	37	70	189.2
Cooling Degree Days	339	284	55	19.4

The following table shows heating and cooling degree days as a percent of normal:

	Three Months ended September 30,	
	2018	2017
Heating Degree Days	209.8%	69.8%
Cooling Degree Days	95.8%	80.2%

The following table summarizes the estimated effect on diluted earnings per share of the difference in retail mwh sales under actual weather conditions and expected retail mwh sales under normal weather conditions in the third quarters of 2018 and 2017 and between the quarters:

	2018 vs Normal	2017 vs Normal	2018 vs 2017
Effect on Diluted Earnings Per Share	\$ 0.00	\$ (0.01)	\$ 0.01

The \$0.5 million decrease in retail electric revenues includes:

- A \$4.0 million increase in revenues mainly due to the additional amount of interim rate refund recorded in third quarter 2017 related to the Minnesota Public Utilities Commission's final order in the 2016 general rate case.
- A \$1.4 million increase in revenues, net of an estimated refund, related to an interim rate increase implemented in January 2018 in conjunction with Otter Tail Power Company's 2017 general rate increase request in North Dakota.
- A \$0.8 million increase in Minnesota Renewable Resource Adjustment rider revenues related to an increase in renewable revenue requirements resulting from the expiration of production tax credits for certain wind turbines.
- A \$0.8 million increase in revenues related to increased electricity consumption due to warmer weather in third quarter 2018, evidenced by a 19.4% increase in cooling degree days between the periods.

offset by:

- A \$4.2 million decrease in revenues related to the recovery of lower fuel and purchased power costs incurred to serve retail customers driven by more mwths generated from low-fuel-cost, company-owned resources combined with a reduction in higher-cost power purchases.
- A \$2.3 million reduction in revenues due to a provision for refunds to Minnesota and South Dakota customers related to lower federal income taxes under the TCJA.
- A \$0.6 million decrease in North Dakota and South Dakota Environmental Cost Recovery rider revenues due to a reduction in the return on equity component of the North Dakota rider from 10.75% in 2017 to 9.77% in 2018, less federal taxes being recovered through the riders and a lower investment balance of environmental upgrades due to depreciation.
- A \$0.4 million reduction in revenues related to a reduction in transmission costs, including lower federal income taxes under the TCJA, recoverable in rates and through transmission cost recovery (TCR) riders in North Dakota and Minnesota.

Wholesale electric revenues increased \$1.3 million due to a 63.4% increase in wholesale mwh sales and an 11.7% increase in wholesale electric prices. Increased demand and higher wholesale prices combined with increased availability of Otter Tail Power Company generating units provided greater opportunity for economic dispatch and wholesale energy sales in third quarter 2018 compared with third quarter 2017.

Other electric revenues increased \$1.3 million due to increases in transmission tariff and transmission services revenue.

Production fuel costs increased \$1.0 million, due to a 21.5% increase in mwths generated from Otter Tail Power Company's fuel-burning plants to provide electricity for the increases in retail and wholesale demand driven by warmer weather in our service territory in third quarter 2018 compared with third quarter 2017.

The cost of purchased power to serve retail customers decreased \$3.7 million in relation to a 47.5% decrease in mwths purchased due to higher market prices and increased availability of, and sourcing from, company-owned generating units.

Electric operating and maintenance expenses decreased \$1.6 million due to the establishment of a \$2.7 million regulatory asset for deferred recovery of an income tax adjustment related to TCJA guidance issued in the third quarter. This decrease was partially offset by a \$1.1 million increase in external service costs related to a scheduled eight-week maintenance outage at Big Stone Plant that began in September 2018. The income tax adjustment is the result of August 2018 Internal Revenue Service (IRS) guidance clarifying changes related to the treatment of bonus depreciation rules for 2017, affecting 2017 deductions and reversals of excess deferred taxes in 2018. The adjustments related to the guidance resulted in a \$2.7 million increase in income tax expense, which is subject to recovery through future rate adjustments. In accordance with regulatory accounting treatment, Otter Tail Power Company recorded a regulatory asset and offsetting credit to operating expense of \$2.7 million. The regulatory asset will be amortized to expense as the related revenue is recovered in rates.

Property tax expense increased \$0.4 million due to an increase in North Dakota property taxes in 2018.

Depreciation expense increased \$0.9 million mainly due to an increase in transmission project unitization and the Big Stone South-Brookings transmission line being placed in service in September 2017.

Income tax expense in the Electric segment increased \$1.6 million. The increase includes a \$2.7 million increase in income tax expense resulting from the previously mentioned clarifying guidance from the IRS in August 2018. This resulted in the reversal of excess deferred taxes related to the reduction in federal tax rate from 35% to 21% under the TCJA. This \$2.7 million increase was partially offset by a \$1.1 million decrease in income tax expense, despite an increase in income before income taxes, mainly due to the reduction in the federal income tax rate under the TCJA.

Manufacturing

<i>(in thousands)</i>	Three Months ended September 30,		Change	% Change
	2018	2017		
Operating Revenues	\$ 67,027	\$ 54,355	\$ 12,672	23.3
Net Income	3,022	1,608	1,414	87.9

At BTM, a revenue increase of \$11.8 million included increases in parts revenue related to increased sales of \$4.1 million to manufacturers of construction equipment, \$2.2 million to manufacturers of agricultural equipment, \$2.0 million to manufacturers of lawn and garden equipment, \$1.7 million to manufacturers of industrial equipment and \$1.1 million to manufacturers of recreational vehicles. Included in the parts revenue increases is the pass through of higher material costs of \$4.2 million, with the remaining increase due to higher sales volume and a slight increase in pricing unrelated to material cost increases. Revenues from scrap metal sales increased \$0.7 million due to higher scrap volume from increased production and a 6% increase in scrap metal pricing. Cost of products sold at BTM increased \$8.7 million due to increased sales volume and the \$4.2 million in higher material costs. The \$3.1 million increase in gross margins on sales was partially offset by a \$1.6 million increase in operating expenses resulting mainly from increases in labor, benefit and recruiting costs for additional employees. Although BTM's income before tax increased \$1.5 million, income tax expense at BTM increased by only \$0.2 million due to the impact of the lower federal tax rate under the TCJA. This results in a \$1.3 million increase in quarter-over-quarter net income at BTM.

At T.O. Plastics, revenues increased \$0.9 million due to a \$1.6 million increase in sales of horticultural containers, partially offset by decreases in sales of industrial and life sciences products totaling \$0.7 million. The revenue increase was mostly offset by a \$0.8 million increase in cost of products sold related to the increase in sales volume and higher labor costs. Income before income taxes was flat quarter over quarter. The reduction in the federal tax rate under the TCJA provided for a slight reduction in income tax expense, resulting in a \$0.1 million increase in net income.

Plastics

<i>(in thousands)</i>	Three Months ended September 30,			
	2018	2017	Change	% Change
Operating Revenues	\$ 55,203	\$ 58,708	\$ (3,505)	(6.0)
Net Income	6,432	6,092	340	5.6

Plastics segment revenues decreased \$3.5 million due to a 12.5% decrease in pounds of polyvinyl-chloride (PVC) pipe sold, partially offset by a 7.5% increase in PVC pipe prices. Higher sales volume in third quarter 2017 was mainly due to increased sales and pricing resulting from hurricanes in the Gulf Coast region of the United States, where the major U.S. resin production plants are located. Hurricane Harvey had a significant impact on market conditions for September 2017. Major resin suppliers shut down production facilities which impacted raw material availability. This created pipe-availability concerns among distributors and contractors, which accelerated pipe demand and created positive sales-price pressure in the market, impacting our third quarter 2017 diluted earnings by an estimated \$0.04 per share.

Cost of products sold decreased \$2.4 million due to the 12.5% decrease in sales volume, partially offset by an 8.2% increase in the cost per pound of pipe sold. Although sales volume decreased while the cost per pound of pipe sold increased, gross margin per pound of PVC pipe sold still improved by 5.2% as a result of the 7.5% increase in revenue per pound of PVC pipe sold. Plastics segment operating expenses increased by \$0.2 million. Income before tax in the Plastics segment decreased \$1.2 million quarter over quarter, while income tax expense decreased \$1.5 million due to the lower federal tax rate under the TCJA, resulting in the \$0.3 million increase in net income.

Corporate

Corporate costs, net-of-tax, decreased slightly quarter over quarter, mainly due to \$0.3 million of nontaxable life insurance benefits from corporate-owned life insurance. This was partially offset by a reduction in income tax savings due to the lower federal income tax rate effective in 2018 under the TCJA.

2018 Business Outlook

We are narrowing our 2018 consolidated diluted earnings per share guidance to be in the range of \$2.00 to \$2.10 from our August 6, 2018 guidance range of \$1.95 to \$2.10. We have taken into consideration the cyclical nature of some of our businesses as well as current regulatory factors facing our Electric segment. We currently expect capital expenditures for 2018 to be \$106 million compared with actual cash used for capital expenditures of \$133 million in 2017. Our planned expenditures for 2018 include \$18 million for the Big Stone South-Ellendale transmission line project, which positively impacts earnings by providing an immediate return on invested funds through rider recovery mechanisms.

Segment components of our 2018 earnings per share guidance range compared with 2017 actual earnings are as follows:

Diluted Earnings Per Share	2017 EPS by Segment	2018 Guidance February 12, 2018		2018 Guidance May 7, 2018		2018 Guidance August 6, 2018		2018 Guidance November 5, 2018	
		Low	High	Low	High	Low	High	Low	High
Electric	\$1.24	\$1.34	\$1.37	\$1.34	\$1.37	\$1.34	\$1.37	\$1.34	\$1.36
Manufacturing	\$0.28	\$0.26	\$0.30	\$0.26	\$0.30	\$0.26	\$0.30	\$0.28	\$0.31
Plastics	\$0.54	\$0.36	\$0.40	\$0.48	\$0.52	\$0.55	\$0.59	\$0.59	\$0.61
Corporate	\$(0.25)	\$(0.16)	\$(0.12)	\$(0.18)	\$(0.14)	\$(0.20)	\$(0.16)	\$(0.21)	\$(0.18)
Total – Continuing Operations	\$1.81	\$1.80	\$1.95	\$1.90	\$2.05	\$1.95	\$2.10	\$2.00	\$2.10
Return on Equity	10.6%	10.1%	10.9%	10.6%	11.5%	10.9%	11.8%	11.2%	11.8%

The following items contribute to our current earnings guidance for 2018.

- We expect 2018 Electric segment net income to be higher than 2017 segment net income based on:
 - o Normal weather for the remainder of 2018. Milder than normal weather in 2017 negatively impacted diluted earnings per share by an estimated \$0.04 compared to normal.
 - o Impact of our North Dakota rate case. In a September 26, 2018 hearing the NDPSC approved an overall annual revenue increase of \$4.6 million (3.1%) and a return on equity of 9.77% on a 52.5% equity capital structure. This compares with our March 2018 adjusted annual revenue increase request of \$7.1 million (4.8%) and a requested return on equity of 10.3%. The NDPSC’s approval results in no rate base adjustments from our original request and allows for future rider recovery of the planned Astoria natural gas-fired generating facility. Final rates will be effective January 1, 2019, with refunds of excess revenues collected under interim rates applied to customers’ March 2019 bills.
 - o Increased revenue from our South Dakota rate case filed on April 20, 2018. Our request with the SDPUC is to increase non-fuel rates in South Dakota by approximately \$3.3 million annually, or 10.1%. Interim rates based on this request went into effect October 18, 2018. We cannot provide assurance our interim rates will become final.
 - o Increases in transmission investments and other revenues.

offset by:

- o Increased operating and maintenance expenses of \$0.05 per share due to a planned maintenance outage at our Big Stone Plant and \$0.09 per share for increasing costs of pension, medical, workers compensation and retiree medical benefits. The increase in pension costs is a result of a decrease in the discount rate from 4.60% to 3.90%.
- o Higher depreciation expense due to large capital projects being put into service.
- o Increased interest expense related to replacing short-term debt at an average annual rate of 2.4% with long-term debt at a rate of 4.07% along with an increase in combined short-term and long-term borrowings to finance portions of 2018 planned capital expenditures.

- We expect 2018 net income from our Manufacturing segment to increase over 2017 based on:
 - BTD's year-over-year sales increase and planned improvement in operating margins through continued productivity gains.
 - T.O. Plastics' year-over-year sales growth in horticulture markets.
 - Lower income taxes due to lower federal tax rates implemented as part of the TCJA.
 - Backlog of approximately \$62 million for the remainder of 2018 compared with \$53 million one year ago.
- We expect 2018 net income from the Plastics Segment to increase over 2017 based on continued strong performance through third quarter driven by higher operating margins with business conditions expected to remain solid through the rest of the year. Earnings in 2017 included an estimated impact of \$0.09 per diluted share due to market reaction to hurricanes in the Gulf of Mexico. Plastics segment net income for 2018 also will be positively affected by lower federal tax rates in the TCJA.
- Corporate costs, net of tax, are expected to be higher in 2018 than in 2017, excluding the effect of revaluing deferred tax assets (\$0.18 per share) related to tax reform on 2017 net losses. The higher net-of-tax costs expected in 2018 are due, in part, to the lower federal tax rate in effect in 2018 under the TCJA, as well as additional increases in employee benefit costs resulting from increased earnings, and planned contributions to Otter Tail Corporation's Foundation, established in 2018.

The impact of 2017 tax reform legislation on future results is based on reasonable estimates and is subject to adjustment on obtaining additional information or to reflect any future legislation, rules, regulations or interpretations of the tax reform legislation.

CONFERENCE CALL AND WEBCAST

The corporation will host a live webcast on Tuesday, November 6, 2018, at 10:00 a.m. CT to discuss its financial and operating performance.

The presentation will be posted on our website before the webcast. To access the live webcast go to www.ottertail.com/presentations.cfm and select "Webcast." Please allow extra time prior to the call to visit the site and download any software needed to listen to the webcast. An archived copy of the webcast will be available on our website shortly following the call.

If you are interested in asking a question during the live webcast, call 877-312-8789. For listen-only mode, call 866-634-1342.

Risk Factors and Forward-Looking Statements that Could Affect Future Results

The information in this release includes certain forward-looking information, including 2018 expectations, made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we believe our expectations are based on reasonable assumptions, actual results may differ materially from those expectations. The following factors, among others, could cause our actual results to differ materially from those discussed in the forward-looking statements:

- Federal and state environmental regulation could require us to incur substantial capital expenditures and increased operating costs.
- Volatile financial markets and changes in our debt ratings could restrict our ability to access capital and increase borrowing costs and pension plan and postretirement health care expenses.
- We rely on access to both short- and long-term capital markets as a source of liquidity for capital requirements not satisfied by cash flows from operations. If we are unable to access capital at competitive rates, our ability to implement our business plans may be adversely affected.
- Disruptions, uncertainty or volatility in the financial markets can also adversely impact our results of operations, the ability of customers to finance purchases of goods and services, and our financial condition, as well as exert downward pressure on stock prices and/or limit our ability to sustain our current common stock dividend level.
- We could be required to contribute additional capital to the pension plan in the future if the market value of pension plan assets significantly declines, plan assets do not earn in line with our long-term rate of return assumptions or relief under the Pension Protection Act is no longer granted.
- Any significant impairment of our goodwill would cause a decrease in our asset values and a reduction in our net operating income.
- Declines in projected operating cash flows at BTD or the Plastics segment may result in goodwill impairments that could adversely affect our results of operations and financial position, as well as financing agreement covenants.
- The inability of our subsidiaries to provide sufficient earnings and cash flows to allow us to meet our financial obligations and debt covenants and pay dividends to our shareholders could have an adverse effect on us.
- We rely on our information systems to conduct our business. Failure to protect these systems against security breaches or cyber-attacks could adversely affect our business and results of operations. If these systems fail or become unavailable for a significant period of time, our business could be harmed.
- Economic conditions could negatively impact our businesses.
- If we are unable to achieve the organic growth we expect, our financial performance may be adversely affected.
- Our plans to grow and realign our business mix through capital projects, acquisitions and dispositions may not be successful, which could result in poor financial performance.
- We may, from time to time, sell assets to provide capital to fund investments in our electric utility business or for other corporate purposes, which could result in the recognition of a loss on the sale of any assets sold and other potential liabilities. The sale of any of our businesses could expose us to additional risks associated with indemnification obligations under the applicable sales agreements and any related disputes.
- Significant warranty claims and remediation costs in excess of amounts normally reserved for such items could adversely affect our results of operations and financial condition.
- We are subject to risks associated with energy markets.
- Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect our business, financial condition, results of operations and prospects.
- Four of our operating companies have single customers that provide a significant portion of the individual operating company's and the business segment's revenue. The loss of, or significant reduction in revenue from, any one of these customers would have a significant negative financial impact on the operating company and its business segment and could have a significant negative financial impact on us.
- We may experience fluctuations in revenues and expenses related to our electric operations, which may cause our financial results to fluctuate and could impair our ability to make distributions to our shareholders or scheduled payments on our debt obligations, or to meet covenants under our borrowing agreements.

- Actions by the regulators of our electric operations could result in rate reductions, lower revenues and earnings or delays in recovering capital expenditures.
- Otter Tail Power Company's operations are subject to an extensive legal and regulatory framework under federal and state laws as well as regulations imposed by other organizations that may have a negative impact on our business and results of operations.
- Otter Tail Power Company's electric transmission and generation facilities could be vulnerable to cyber and physical attack that could impair its ability to provide electrical service to its customers or disrupt the U.S. bulk power system.
- Otter Tail Power Company's electric generating facilities are subject to operational risks that could result in unscheduled plant outages, unanticipated operation and maintenance expenses and increased power purchase costs.
- Changes to regulation of generating plant emissions, including but not limited to carbon dioxide emissions, could affect our operating costs and the costs of supplying electricity to our customers.
- Competition from foreign and domestic manufacturers, the price and availability of raw materials, prices and supply of scrap or recyclable material and general economic conditions could affect the revenues and earnings of our manufacturing businesses.
- Our plastics operations are highly dependent on a limited number of vendors for PVC resin and a limited supply of PVC resin. The loss of a key vendor, or any interruption or delay in the supply of PVC resin, could result in reduced sales or increased costs for this segment.
- We compete against a large number of other manufacturers of PVC pipe and manufacturers of alternative products. Customers may not distinguish the pipe companies' products from those of our competitors.
- Changes in PVC resin prices can negatively affect our plastics business.

For a further discussion of other risk factors and cautionary statements, refer to reports we file with the Securities and Exchange Commission.

About the Corporation: Otter Tail Corporation has interests in diversified operations that include an electric utility and manufacturing businesses. Otter Tail Corporation stock trades on the Nasdaq Global Select Market under the symbol OTTR. The latest investor and corporate information is available at www.ottertail.com. Corporate offices are in Fergus Falls, Minnesota, and Fargo, North Dakota.

See Otter Tail Corporation's results of operations for the three- and nine-month periods ended September 30, 2018 and 2017 in the following financial statements: Consolidated Statements of Income, Consolidated Balance Sheets – Assets, Consolidated Balance Sheets – Liabilities and Equity, and Consolidated Statements of Cash Flows.

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Otter Tail Corporation
Consolidated Statements of Income
In thousands, except share and per share amounts
(not audited)

	Quarter Ended September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Operating Revenues by Segment				
Electric				
Revenues from Contracts with Customers	\$ 105,759	\$ 102,928	\$ 334,889	\$ 325,378
Changes in Accrued Revenues under Alternative Revenue Programs	(317)	471	(2,757)	(1,192)
Total Electric Revenues	105,442	103,399	332,132	324,186
Manufacturing	67,027	54,355	203,843	172,076
Plastics	55,203	58,708	159,332	146,416
Intersegment Eliminations	(10)	(5)	(31)	(18)
Total Operating Revenues	227,662	216,457	695,276	642,660
Operating Expenses				
Fuel and Purchased Power	26,793	29,467	97,382	93,890
Nonelectric Cost of Products Sold (depreciation included below)	93,361	86,230	275,691	245,520
Electric Operating and Maintenance Expense	33,897	35,469	111,113	109,494
Nonelectric Operating and Maintenance Expense	12,547	10,631	37,690	30,625
Depreciation and Amortization	18,708	17,927	56,216	53,689
Property Taxes - Electric	4,094	3,721	11,202	11,228
Total Operating Expenses	189,400	183,445	589,294	544,446
Operating Income (Loss) by Segment				
Electric	26,635	21,585	70,511	70,257
Manufacturing	4,326	2,776	15,331	11,581
Plastics	8,814	10,049	26,710	21,640
Corporate	(1,513)	(1,398)	(6,570)	(5,264)
Total Operating Income	38,262	33,012	105,982	98,214
Interest Charges	7,549	7,393	22,597	22,382
Nonservice Cost Components of Postretirement Benefits	1,326	1,403	4,129	4,215
Other Income	1,245	592	3,135	1,697
Income Tax Expense – Continuing Operations	7,359	7,035	14,207	19,295
Net Income (Loss) by Segment – Continuing Operations				
Electric	14,567	10,869	41,835	36,563
Manufacturing	3,022	1,608	10,769	6,735
Plastics	6,432	6,092	19,505	13,166
Corporate	(748)	(796)	(3,925)	(2,445)
Net Income from Continuing Operations	23,273	17,773	68,184	54,019
(Loss) Income from Discontinued Operations - net of Income Tax (Savings)				
Expense of \$0, (\$25), \$0 and \$53 for the respective periods	--	(39)	--	78
Net Income	\$ 23,273	\$ 17,734	\$ 68,184	\$ 54,097
Average Number of Common Shares Outstanding				
Basic	39,621,524	39,507,581	39,592,705	39,440,416
Diluted	39,903,565	39,795,366	39,882,105	39,712,862
Basic Earnings Per Common Share:				
Continuing Operations	\$ 0.59	\$ 0.45	\$ 1.72	\$ 1.37
Discontinued Operations	--	--	--	--
	\$ 0.59	\$ 0.45	\$ 1.72	\$ 1.37
Diluted Earnings Per Common Share:				
Continuing Operations	\$ 0.58	\$ 0.45	\$ 1.71	\$ 1.36
Discontinued Operations	--	--	--	--
	\$ 0.58	\$ 0.45	\$ 1.71	\$ 1.36

Otter Tail Corporation
Consolidated Balance Sheets

ASSETS
in thousands
(not audited)

	September 30, 2018	December 31, 2017
Current Assets		
Cash and Cash Equivalents	\$ 649	\$ 16,216
Accounts Receivable:		
Trade—Net	96,095	68,466
Other	8,036	7,761
Inventories	94,615	88,034
Unbilled Receivables	16,855	22,427
Income Taxes Receivable	--	1,181
Regulatory Assets	16,552	22,551
Other	8,611	12,491
Total Current Assets	241,413	239,127
Investments	9,123	8,629
Other Assets	36,721	36,006
Goodwill	37,572	37,572
Other Intangibles—Net	12,746	13,765
Regulatory Assets	124,553	129,576
Plant		
Electric Plant in Service	2,000,313	1,981,018
Nonelectric Operations	225,620	216,937
Construction Work in Progress	183,397	141,067
Total Gross Plant	2,409,330	2,339,022
Less Accumulated Depreciation and Amortization	844,042	799,419
Net Plant	1,565,288	1,539,603
Total	\$ 2,027,416	\$ 2,004,278

Otter Tail Corporation
Consolidated Balance Sheets
LIABILITIES AND EQUITY
in thousands
(not audited)

	September 30, 2018	December 31, 2017
Current Liabilities		
Short-Term Debt	\$ 15,489	\$ 112,371
Current Maturities of Long-Term Debt	169	186
Accounts Payable	91,033	84,185
Accrued Salaries and Wages	21,486	21,534
Accrued Federal and State Income Taxes	2,708	--
Other Accrued Taxes	15,269	16,808
Regulatory Liabilities	7,926	9,688
Other Accrued Liabilities	9,373	11,389
Liabilities of Discontinued Operations	--	492
Total Current Liabilities	163,453	256,653
Pensions Benefit Liability	89,139	109,708
Other Postretirement Benefits Liability	70,703	69,774
Other Noncurrent Liabilities	25,889	22,769
Deferred Credits		
Deferred Income Taxes	108,699	100,501
Deferred Tax Credits	20,325	21,379
Regulatory Liabilities	231,594	232,893
Other	2,328	3,329
Total Deferred Credits	362,946	358,102
Capitalization		
Long-Term Debt—Net	589,984	490,380
Cumulative Preferred Shares	--	--
Cumulative Preference Shares	--	--
Common Equity		
Common Shares, Par Value \$5 Per Share	198,324	197,787
Premium on Common Shares	343,210	343,450
Retained Earnings	189,575	161,286
Accumulated Other Comprehensive Loss	(5,807)	(5,631)
Total Common Equity	725,302	696,892
Total Capitalization	1,315,286	1,187,272
Total	\$ 2,027,416	\$ 2,004,278

Otter Tail Corporation
Consolidated Statements of Cash Flows
In thousands
(not audited)

<i>In thousands</i>	For the Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities		
Net Income	\$ 68,184	\$ 54,097
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net Income from Discontinued Operations	--	(78)
Depreciation and Amortization	56,216	53,689
Deferred Tax Credits	(1,054)	(1,102)
Deferred Income Taxes	7,529	15,680
Change in Deferred Debits and Other Assets	10,641	7,875
Discretionary Contribution to Pension Plan	(20,000)	--
Change in Noncurrent Liabilities and Deferred Credits	(191)	1,788
Allowance for Equity/Other Funds Used During Construction	(1,586)	(636)
Stock Compensation Expense – Equity Awards	3,402	2,765
Other—Net	(201)	99
Cash (Used for) Provided by Current Assets and Current Liabilities:		
Change in Receivables	(27,804)	(21,122)
Change in Inventories	(6,581)	4,825
Change in Other Current Assets	3,827	3,079
Change in Payables and Other Current Liabilities	5,746	(5,153)
Change in Interest and Income Taxes Receivable/Payable	2,932	(1,595)
Net Cash Provided by Continuing Operations	101,060	114,211
Net Cash Used in Discontinued Operations	(200)	(134)
Net Cash Provided by Operating Activities	100,860	114,077
Cash Flows from Investing Activities		
Capital Expenditures	(74,489)	(94,549)
Proceeds from Disposal of Noncurrent Assets	1,879	2,456
Cash Used for Investments and Other Assets	(3,324)	(3,158)
Net Cash Used in Investing Activities	(75,934)	(95,251)
Cash Flows from Financing Activities		
Changes in Checks Written in Excess of Cash	(7)	4,826
Net Short-Term (Repayments) Borrowings	(96,882)	60,754
Proceeds from Issuance of Common Stock	--	4,349
Common Stock Issuance Expenses	(108)	--
Payments for Retirement of Capital Stock	(3,012)	(1,799)
Proceeds from Issuance of Long-Term Debt	100,000	--
Short-Term and Long-Term Debt Issuance Expenses	(441)	--
Payments for Retirement of Long-Term Debt	(148)	(48,172)
Dividends Paid	(39,895)	(37,958)
Net Cash Used in Financing Activities	(40,493)	(18,000)
Net Change in Cash and Cash Equivalents	(15,567)	826
Cash and Cash Equivalents at Beginning of Period	16,216	--
Cash and Cash Equivalents at End of Period	\$ 649	\$ 826