OTTER TAIL CORPORATION PENSION PLAN

SUMMARY PLAN DESCRIPTION
AS OF JANUARY 1, 2024

Summary Plan Description for Employees of Otter Tail Power Company, Except the Union Employees of Coyote Station

This plan has three separate Summary Plan Descriptions. See the Other Provisions and Features section of this Summary for information on the other summary plan description.

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INTRODUCTION

The Otter Tail Corporation Pension Plan was established in 1944. The first plan was fairly simple and easily explained in a few pages. Today the plan is complicated due to the many changes that have been made over the years. The purpose of the plan remains the same as it was in 1944: To provide employees with a dependable income after retirement from Otter Tail Power Company and all affiliates. This booklet is designed to help you understand how the plan works today.

The Pension Plan is a Defined Benefit Plan, which means that benefits under the plan are based on a specific formula. The plan is also an Integrated Plan, which means that the benefits under the plan are coordinated with Social Security to produce a total payment that replaces a targeted level of pre-retirement income.

Your actual retirement benefit is based on your compensation, Covered Compensation according to the Social Security Administration, years of Plan Participation and your age at retirement. Payments under the Pension Plan are in addition to payments received from Social Security.

Otter Tail Corporation is the plan sponsor of the Otter Tail Corporation Pension Plan. Otter Tail Power Company is a participating employer in the Pension Plan.

The information in this booklet contains all changes in the Pension Plan through the First Amendment of the 2016 Restatement and is current as of January 1, 2024.

This booklet is intended to be a summary of the major provisions of the Otter Tail Corporation Pension Plan. Additional information may be found in the Otter Tail Corporation Pension Plan document. Should a discrepancy exist, the provisions of the plan document will prevail.

If you were formerly employed by Montana-Dakota Utilities Company and transferred to Otter Tail Power Company on July 1, 1998, you have been provided with a supplemental description of your benefits under the plan. If you would like another copy of the supplemental description, contact the Human Resources Department.

Please read this booklet carefully. Although the provisions of this plan are complicated, we have tried to explain them in as easy to understand terms as possible. We hope this booklet helps you understand the plan and how it will benefit you in the future. Please contact the Human Resources Department if you have any questions about this plan.

PENSION PLAN OVERVIEW

Participation

If you are a non-union employee of Otter Tail Power Company and you were hired on or after September 1, 2006, then you are NOT eligible to participate in the plan, unless you were a participant in the plan and you were rehired within 12 months of termination of employment. If you were an employee hired prior to November 1, 2013, and you were classified as a full-time or part-time employee of Otter Tail Power Company (except a union employee employed at Coyote Station) and you were covered by a collective bargaining agreement that expressly provided for inclusion in the plan, you automatically became a participant in the plan on the first day of the calendar month following your date of hire or, if later, the first day of the calendar month following your 18th birthday. (If you were hired on the first day of a month or turned 18 on the first day of a month, you entered the plan that month). Any union employees who are hired on or after November 1, 2013, are not eligible to participate in the plan. This means no new participants have entered the plan after November 1, 2013. Freezing the plan to new participants after November 1, 2013 does not affect the benefit accrual and vesting for employees who were already participants in the plan. All contributions and plan expenses are paid by the participating employers (*i.e.*, Otter Tail Corporation and Otter Tail Power Company).

Vesting of Your Accrued Benefit

The term Vesting Service is used to describe the amount of service credited on your behalf for Pension Plan purposes. A year of Vesting Service is credited for each year in which you complete at least 1,000 hours of service with Otter Tail Power Company. Fractional years are not credited for vesting purposes.

A vested benefit is a nonforfeitable benefit. That means that once you are vested in the Pension Plan, you have a right to receive a benefit even if you leave the company before retirement. The amount of your benefit is based on your accrued benefit and the benefit formula in effect at that time.

Normally your Accrued Benefit is vested when you complete at least five years of vesting service with Otter Tail Power Company. Your Accrued Benefit is the amount of your monthly pension that has been accumulated as of a specific date, based on the formula in effect at that time.

A break in your service with Otter Tail Power Company may affect your Vesting Service. If you have had a break in service (completed 500 hours of service or less in one year), contact the Human Resources Department for more information.

Benefit Accrual Service (Plan Participation)

This term refers to the number of years and fractions of years that you actually participated in the Pension Plan. Your Accrued Benefit is based on your Benefit Accrual Service (Plan Participation). This is discussed further under "How Your Service is Credited" section of this booklet.

Retiring Under the Pension Plan

If you are vested, you may receive a retirement benefit from the Pension Plan under any of the following circumstances:

> **Normal Retirement**: Normal retirement occurs on or after your Normal Retirement Age. For most employees, Normal Retirement Age is the date you turn age 65.
>
> **Early Retirement**: This refers to any retirement that occurs prior to Normal Retirement Age (65). You may retire under the Pension Plan as early as age 55 if you have completed at least 10 years of vesting service. Retirement before age 55 is not allowed under this plan. Your benefit will be reduced if you retire before age 62.
>
> **Deferred Vested Pension**: If you leave the company before you qualify for Normal or Early Retirement, you are eligible to receive a deferred benefit provided you are vested.

Each of these circumstances is discussed in "The Pension Formula" section of this brochure.

Benefit Options

You may elect to receive a Life Only (Basic) Pension or one of several Survivor Annuity Options. If you are married, you will need your spouse's consent if you choose any option other than the Qualified Joint and Survivor Annuity.

Death Benefits

The Pension Plan provides benefits for your spouse if you die before you begin receiving pension payments and may provide benefits to a designated beneficiary if you die after retirement.

A discussion of the benefit options and death benefits available under the plan can be found in the "Receiving Your Benefits" section of this booklet.

HOW THE PENSION PLAN WORKS

Your retirement benefit under this plan is determined by a specific formula. The formula uses several factors to determine your benefit including:

1. **Your Final Average Earnings**: Final Average Earnings is the average of your highest 30 consecutive months of salary during the past 10 years. Amounts you contributed for life insurance, Flexible Benefit Reimbursement Accounts and the Retirement Savings Plan are included in your Final Average Earnings. Final Average Earnings does not include performance awards, expense reimbursements, lump-sum vacation payments, the value of long term incentives under the Stock Incentive Plan, individual incentive payments or similar amounts.

2. **Covered Compensation**: Current law governing the type of benefit formula used in the Pension Plan, called an excess formula, requires that we use a specific table published by the Social Security Administration to determine your Covered Compensation amount. Covered Compensation is the 35-year average of the Social Security Taxable Wage Base (the amount of pay subject to Social Security taxes each year) ending in the year you reach normal Social Security Retirement Age (which is age 65, 66 or 67 depending on the year in which you were born). Your actual Covered Compensation amount will change annually until you reach Social Security Normal Retirement Age.

   Covered Compensation is an important part of the Pension Plan formula. Our goal is for the combination of your Pension benefit and Social Security benefits, at Normal Retirement Age, to replace an equal percentage of Final Average Earnings across all pay levels. However, Social Security represents a higher percentage of Final Average Earnings at lower pay levels than at higher pay levels. Use of Covered Compensation in the Pension Plan formula helps to equalize the combined retirement benefit by recognizing the differences between actual pay and the maximum amount of pay used to determine Social Security benefits. While this method does not completely eliminate inequalities, it significantly reduces the gap between higher and lower paid employees.

   Covered Compensation is NOT based on your actual pay. It is based on the maximum amount of pay that is subject to Social Security taxes each year. Anyone born in a given year will have the same Covered Compensation amount, regardless of their actual pay. A copy of the current Covered Compensation table is available from the Human Resources Department upon request.

3. **Years of Benefit Accrual Service (Plan Participation)**: This is the number of years you have actually been a participant in the Pension Plan. Generally, you are credited with one year of Benefit Accrual Service for each calendar year during with you complete 1,000 or more hours of service with Otter Tail Power Company and you are a participant for the entire year. If you were a participant in the Pension Plan on November 1, 2013, and you terminate employment and you are subsequently rehired by Otter Tail Power Company after November 1, 2013, you will not be credited with any Benefit Accrual Service for

service on or after your re-hire date. See the "How Your Service is Credited" below for more details. Your years of Benefit Accrual Service (Plan Participation) may be different than your years of vesting service.

4. **Your age** when you elect to begin receiving payments.

5. The **benefit option** you elect.

How Service is Credited

The amount of your benefit depends on the number of years you actually participated in the plan. Generally, you receive one year of Benefit Accrual Service (Plan Participation) for each entire calendar year in which you participate in the plan and complete at least 1,000 hours of service. Partial years are credited for the year you join the plan and the year you terminate employment if, during those partial years, you complete service at the rate of at least 1,000 hours per year.

One hour of service is credited for each hour you are paid or are entitled to payment for performance of your job. Up to 501 hours of service may be credited for vacation, holidays, illness, incapacity (including disability), layoff, jury duty, military duty and leave of absence.

Special rules apply for crediting service during a leave of absence and Long Term Disability. Please contact the Human Resources Department for more information about these rules.

Breaks in Service

A Break In Service occurs in any year that you do not complete at least 501 hours of service. This generally occurs when you leave employment with Otter Tail Power Company.

Breaks in Service may affect how your Vesting Service and Benefit Accrual Service (Plan Participation) are determined. If you have a vested benefit, Vesting Service and Benefit Accrual Service will be credited for service completed before and after any Break in Service.

If you are not vested, Vesting Service and Benefit Accrual Service completed prior to a Break in Service will be disregarded in determining your benefit under the plan if the total number of one-year Breaks in Service equal or exceed the greater of:

1. Five consecutive years or,

2 The total number of years of Benefit Accrual Service (or Vesting Service) completed before the Break in Service occurred.

For example:

Assume John began his career with Otter Tail Power Company as a full-time employee on January 1, 2004 at age 25. He quit on December 31, 2006, then resumes working for Otter Tail Power Company on January 1, 2012. John was not vested when he quit work because he had completed only three years of service.

According to the Break in Service rules, John will not receive credit for his prior service. His total Break in Service would be five years (January 1, 2007 through December 31, 2011) which equals or exceeds the greater of five or the number of years of Vesting Service or Benefit Accrual Service completed prior to the break (three years - January 1, 2004 through December 31, 2006).

The Pension Plan Formula

Your actual pension benefit amount is determined by a specific formula. The formula is used to compute your benefit at normal retirement, early retirement or under a deferred vested pension. The formula is as follows:

The sum of

38% of your Final Average Earnings

Plus

18% of your Final Average Earnings in excess of Covered Compensation

Multiplied by

$$\frac{\textbf{Number of Years Benefit Accrual Service up to 30}}{\textbf{30}}$$

Equals

Your Life Only (Basic) Pension Benefit*

***The Life Only (Basic) Pension Benefit refers to your benefit amount calculated prior to adjustments for any survivor option you elect.**

If you have more than 30 years of Benefit Accrual Service, you are entitled to an extra benefit called the Additional Service Percentage. This amount is equal to 1% per year for each year of Benefit Accrual Service between 31 and 40 years for a maximum additional benefit of 10%.

If any part of your service was earned while employed in a corporate position with Otter Tail Corporation, you should contact Human Resources Department for information regarding your pension benefit.

Your Benefit at Normal Retirement

Normal retirement occurs if you retire on or after your normal retirement age. Generally speaking, your normal retirement age is 65.

For example:

Assume Sally decides to retire on October 2, 2025 at age 65. She was born in 1960. Her Final Average Earnings at retirement is $9,079 and her Covered Compensation is $9,041*. She has 35 years of Benefit Accrual Service. Her monthly Life Only (Basic) Pension benefit will be:

38% of Final Average Earnings (.38 x $9,079)		$3,450.02
Plus		
18% of Final Average Earnings in excess of Covered Compensation (.18 x ($9,079-$9,041 = $38))		+$ 6.84
		$3,456.86
Multiplied by		
Benefit Accrual Service up to 30 / 30	($3,456.86 x 30/30)	$3,456.86

Since Sally has more than 30 years of Benefit Accrual Service, she is eligible for the Additional Service Percentage equal to 1% for each year of Benefit Accrual Service over 30. Sally has 5 years of Benefit Accrual Service in excess of 30 years. Therefore Sally will get an additional 5%.

Additional Service Percentage ($3,456.86 x .05)		$ 172.84
Total Monthly Life Only (Basic) Pension	($3,456.86 + $172.84)	**$3,629.70**

* From 2024 Covered Compensation Table. This would be the same amount for everyone born in 1960, regardless of their actual pay level. Refer to page 4 for a detailed explanation of covered compensation.

Your Benefit at Early Retirement

Early retirement occurs if you terminate employment with Otter Tail Power Company on or after age 55 and you have completed at least 10 years of Vesting Service (your early retirement age) with Otter Tail Power Company. If you commence payments prior to age 62, your pension benefit will be reduced. There is no reduction if you commence your benefit after you reach age 62. The reduction reflects the fact that you will be receiving a benefit under the plan for a longer period of time than if you had commenced your benefit on or after age 62. The amount of the reduction depends on your age at the time you commence your benefit, according to the following schedule:

Age	**Factor**
64	No Reduction
63	No Reduction
62	No Reduction
61	5%
60	10%
59	15%
58	20%
57	25%
56	32%
55	39%

For example:

If you decide to retire and commence your benefit at age 60, your pension benefit will be reduced by 10%. Likewise, if you decide to retire and commence your benefit at age 55, your pension amount will be reduced by 39%. There is no reduction if you retire and commence your benefit after age 62.

For example:

Assume Jim is trying to decide if he wants to retire at age 60 or age 62. He was born in 1964. His Final Average Earnings is $10,100 at age 60 or $10,650 at age 62 and his Covered Compensation is $10,070 at age 60 and $10,555* at 62. He will have 32 years of Benefit Accrual Service at age 60 and 34 years of Benefit Accrual Service at age 62. His Monthly Life Only (Basic) Pension benefit would be:

		AGE 60	**AGE 62**
38% of Final Average Earnings	(.38 x $10,100)	$3,838.00	
	(.38 x $10,650)		$4,047.00
Plus			
18% of Final Average Earnings in excess of Covered			
Compensation	(.18 x ($10,100-$10,070))	+$ 5.40	
	(.18 x ($10,650-$10,555))*		+$ 17.10
		$3,843.40	$4,064.10
Multiplied by			
Plan Participation up to 30 / 30			
	($3,843.40 x 30/30)	$3,843.40	
	($2,064.10 x 30/30)		$4,064.10
Plus			
Additional Service Percentage			
(.01 x 2 =.02; .02 x $3,843.40)		+$ 76.89	
(.01 x 4 =.04; .04 x $4,064.10)			+$ 162.56
		$3,920.29	$4,226.66

Less Reduction for Early Retirement			
	(Factor for Age 60 = 10%)		
	($3,920.29 x .10)	- $ 392.03	**
Total Monthly Life Only (Basic) Pension		**$3,528.26**	**$4,226.66**

* **Estimated**
** **There is no reduction for retirement on or after age 62**.

Payment must begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949). If you are thinking about early retirement, be sure to contact the Human Resources Department for an estimate of your pension benefit.

Your Benefit if You Leave the Company Before Retirement

If you leave the company before your early retirement age, and if you are vested (at least five years of vesting service), you will be entitled to a benefit under this plan. The benefit under these conditions is called a Deferred Vested Benefit because payments are deferred (delayed) until you reach retirement age. If you leave the company before you are vested, no benefits will be available to you.

Your benefit will be based on the amount of your Vested Accrued Benefit at the time you leave the company. You may begin receiving payments as early as age 55. However, payments made prior to age 65 will be reduced at the rate of five percent (5%) per year (one-twelfth (1/12) of five percent (5%) per month) for payments received before age 65. Payments must begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949). If the present value of your benefit is $1,000 or less when you leave the company, payment will be made in a single lump sum. If the present value of your benefit is greater than $5,000 but less than $15,001 you may choose to receive payment in a lump sum, but only if your spouse consents as discussed on the following page. If the present value of your benefit is greater than $1,000, but less than $5,000, you may choose to receive a lump sum payment, without the consent of your spouse.

For example:

Assume Jane leaves the company before age 55. She has a Vested Accrued Benefit of $1,200 per month based on the Pension Plan formula in effect when she leaves. This is the monthly amount payable to her in the Life Only (Basic) Pension if she elects to begin receiving payments at age 65.

The following table shows the monthly amount payable to Jane in the Life Only (Basic) Pension if she elects to begin receiving payment prior to age 65.

Age	**Amount**
55	$600
56	$660
57	$720
58	$780
59	$840
60	$900
61	$960
62	$1,020
63	$1,080
64	$1,140

Your Benefit if You Become Disabled

If you become disabled while you are a participant in this plan and begin receiving benefits under the Otter Tail Corporation Long-Term Disability Plan, you will receive credit for service as if you were an active employee from the time you become disabled until you return to work, reach your Early Retirement Age or Normal Retirement Age or die. You will also be credited for earning compensation each year at the annual rate in effect for you when you become disabled. If you recover from disability before reaching Early Retirement Age or Normal Retirement Age, you must return to work for Otter Tail Power Company to receive this service credit.

If you apply for and accept a Deferred Vested Benefit under the Pension Plan while you are disabled, you will not receive the special service credit discussed above. Pension benefits under this plan will begin when your disability benefits end - generally when you reach Early Retirement Age or Normal Retirement Age. You cannot receive benefits under this plan and the Long-Term Disability Plan at the same time.

The disability rules will be discussed with you in detail should you become disabled. For more information about these rules, please contact the Human Resources Department.

RECEIVING YOUR BENEFITS

To receive Pension Plan benefits you must file a written application. Applications are available from the Human Resources Department.

You will begin receiving your pension benefit on the first day of the month following your retirement and completion of your written application. If you leave the company with a Vested Benefit and do not begin receiving benefit immediately, payments will begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949), even if you do not file a written application.

Automatic Forms of Payment

There are three automatic forms of payment under the Pension Plan. If you are single, you will automatically receive the Life Only (basic) option unless you elect a different option. If you are married, you will automatically receive the Qualified Joint and Survivor Annuity option unless you and your spouse consent, in writing, to a different form of payment (See the "Spouse's Consent" discussion below for additional information). Finally, under the plan's "Payment of Small Amounts" rules, if the present value of your Vested Accrued Benefit at retirement or termination of employment is $1,000 or less, it will be paid to you in a single lump-sum payment as soon as is administratively possible. This normally occurs when a participant leaves the company before retirement.

If the present value of your Vested Accrued Benefit at retirement or termination of employment is greater than $1,000, but less than $15,001, you may choose to receive a lump sum payment as soon as administratively possible. If your lump sum is greater than $5,000 and you elect a lump sum payment, your spouse must consent to the lump sum payment as discussed below.

You may choose any of the options discussed below, subject to your spouse's consent if you are married. In order to receive payment under any option other than the automatic form, <u>you must elect the option within the 90-day period prior to the date of your first payment</u>. Other rules concerning consent and timelines may apply. Specific information will be provided to you prior to your actual retirement.

Spouse's Consent

Current law requires that, if you are married, you must receive the Qualified Joint and Survivor Annuity unless you and your spouse consent to another form of payment. The consent must be in writing, must be notarized and must be completed within the 90-day period prior to the date of your first payment under the plan. You may change your election anytime up to the date payment begins. However, you must have your spouse's consent each time you make a change.

Benefit Options

The following payment options are available under the Pension Plan:

1. **Life Only (Basic) Pension**: Under this option, payments are made to you until your death. Upon your death, no further payments will be made. This is the automatic form of payment if you are not married.

2. **Qualified Joint and Survivor Annuity**: This is the automatic form of payment for married participants as required by law. Under this option, your monthly benefit is reduced to provide a lifetime benefit for your spouse, after your death, equal to 50% (unless you elect an alternative 75%) of your monthly benefit. If your spouse dies before you, no benefits will be paid after your death.

3. **Ten-Year Term Certain Annuity**: Under this option, reduced payments will be made over your lifetime, or for 120 months, whichever is longer. If you die before receiving 120 payments, the remaining payments will be made to your beneficiary. Your designated beneficiary need not be your spouse under this option.

4. **Survivor Annuity**: Under this option, your benefit is reduced to provide a monthly benefit for your surviving beneficiary equal to 50%, 75% or 100% of your monthly benefit. This is different from the Qualified Joint and Survivor Annuity because the beneficiary does not have to be your spouse. The benefit is payable upon your death for the lifetime of your designated beneficiary. If your beneficiary dies before you, no further payments will be made upon your death. To qualify under this option, your beneficiary must be designated at least one year prior to the date of your death (this option can only be selected if at least 50% of the present value of all benefits expected to be paid are likely to be paid to the plan participant).

5. **Reversion Option**: This option can be elected with the Qualified Joint and Survivor Annuity or any Survivor Annuity. With this option, if your spouse/beneficiary dies before you, your pension benefit changes back to the Basic (life only) Pension. An additional cost of 2% of the Basic (life only) Pension is charged for this option. The Reversion Option cannot be used with the Ten-Year Term Certain Annuity.

For example:
Assume Pete will retire on June 1, 2024 with a Life Only (Basic) Pension benefit of $3,000 per month. The table below indicates the pension benefit amounts payable under each of the options discussed above (assuming that Pete and Pete's spouse or beneficiary are the same age).

OPTION	**REDUCTION FACTOR***	**MONTHLY BENEFIT**	**SURVIVOR BENEFIT**
Life Only (Basic)	None	$3,000.00	None
50% Qualified Joint and Survivor Annuity or 50% Survivor Annuity - no reversion	.11	$2,670.00	$1,335.00
50% Qualified Joint and Survivor Annuity or 50% Survivor Annuity- with reversion	.13	$2,660.00	$1,305.00
75% Qualified Joint and Survivor Annuity or 75% Survivor Annuity- no reversion	.14	$2,580.00	$1,935.00
75% Qualified Joint and Survivor Annuity or 75% Survivor Annuity - with reversion	.16	$2,520.00	$1,890.00
Ten-Year Term Certain Annuity	.05	$2,850.00	$2,850.00**
100% Survivor Annuity - no reversion	.21	$2,370.00	$2,370.00
100% Survivor Annuity - with reversion	.23	$2,310.00	$2,310.00

* The reduction factor represents the increased cost associated with providing the additional benefit for your spouse or beneficiary. Further adjustments are made to account for age differences between the participant and the beneficiary (except under the Ten-Year Certain option). Contact the Human Resources Department for more information concerning this adjustment.

** Payments are made for the remainder of the 10-year period only, if any.

Forms covering your option election and spouse's consent are included in the retirement information packet provided by the Human Resources Department prior to your retirement.

DEATH BENEFITS

The Pension Plan provides death benefits before and after your retirement. The following is a summary of the death benefits provided:

Pre-Retirement Death Benefit

If, as a plan participant, you die before terminating employment and before receiving any payments under this plan, your surviving spouse will receive a monthly survivor annuity equal to the greater of:

1. The spouse's portion of the Qualified Joint and Survivor Annuity (called the Qualified Pre-retirement Survivor Annuity) calculated as if you retired on your date of death

OR

2. 1/12th of 25% of your annual compensation during the calendar year immediately preceding your death. This amount includes any amount payable under the Qualified Pre-retirement Survivor Annuity discussed above.

Upon your death, the Human Resources Department will determine which option provides the greater benefit.

Payments will begin on the date designated by your spouse which is not earlier than the first day of the month coincident with or next following the date you would have attained early retirement age and not later than your normal retirement age. If you die while employed after your normal retirement date, your spouse will receive payment beginning as of the first day of the month following your death. The pension benefit will be awarded as long as you were married at least one year prior to the date of your death. These benefits are in addition to any life insurance benefits payable under any other Otter Tail Power Company benefit plan.

If you die after termination of employment with Otter Tail Power Company and meet the following requirements, your surviving spouse will receive a monthly survivor annuity:

- You are entitled to a Deferral Vested Benefit under this plan, and
- You have not started to receive payments under this plan, and
- You are married and had been married for the one year preceding your death, and
- You did not cancel this benefit. In order to cancel this benefit, you must obtain spousal consent.

The cost for this death benefit is deducted from your accrued benefit amount at the time you commence your retirement benefit. You may obtain information regarding the cost of this benefit and the specific rules governing this benefit by contacting the Human Resources Department.

Post-Retirement Death Benefit

If you die after you begin receiving benefits under this plan, your beneficiary is entitled to any benefits payable under the pension option you elected. If you did not elect a Survivor Annuity Option, or if you elect the Ten-Year Term Certain Annuity and you die after receiving at least 120 payments from the plan, no further benefits will be payable upon your death.

PENSION PURCHASE OPTION

The Pension Purchase Option allows you to purchase an additional monthly annuity from the Pension Plan using assets you have accumulated in your Retirement Savings Plan account. The purchase is made by rolling over funds directly from your Retirement Savings Plan account to the Pension Plan. You can rollover any amount from $10,000 (or your total account balance if less) up to your entire Retirement Savings Plan account balance. Once made, the election to purchase additional benefits through the Pension Purchase Option is irrevocable.

Pension Purchase Option annuity payments are paid for your lifetime (or your survivor's lifetime in the event of your death if you choose a survivor option). The annuity amount is calculated using annuity factors provided by the plan's actuary. These factors are based on life expectancy tables and interest rates used by commercial insurance companies. Your monthly payment under the Pension Purchase Option may be higher than a commercial annuity because the interest rate is not reduced, as it is with a commercial annuity, to account for administrative charges, investment and mortality risk or profits.

You can choose among several survivor options under the Pension Purchase Option that will help you provide additional income protection for your spouse or other beneficiary in the event of your death. Some of the options include a principal guarantee feature which guarantees a total payment of at least the amount you roll over from the Retirement Savings Plan. The options are similar to those available under the Pension Plan and include the Single Life Annuity (with or without the principal guarantee feature), 50% (or alternate 75%) Qualified Joint & Survivor Annuity (for your spouse only - does not include the principal guarantee feature), 50% Survivor Annuity, 75% Survivor Annuity and 100% Survivor Annuity (these include the principal guarantee). The cost of the survivor option is paid by the retiree through lower monthly annuity payments.

Here's an example of how the Pension Purchase Option works:

Assume Jim retires and elects to use the Pension Purchase Option. He elects the Single Life Annuity and rolls over $100,000 from his Retirement Savings Account to the Pension Plan. The annuity factor, provided by the plan's actuary and based on Jim's age, is 10.1592. Jim's monthly annuity payment will be $820.28 ($100,000 divided by 10.1592 divided by 12). This amount will be paid to Jim each month as long as he lives, even if he outlives his expected lifetime.

OTHER PROVISIONS AND FEATURES

Assignment of Benefit Prohibited

As required by federal law, your retirement benefit cannot be reached by creditors (by garnishment or any other process) while it is held in trust. Also, you may not pledge or assign your retirement benefit to anyone else while it's being held in trust. For example, you cannot use your retirement benefit as collateral for a loan. However, in the event of a marriage dissolution or other domestic relations court order, part or all of your benefit can be assigned to your former spouse or dependents. To be effective, however, the court order must be a "qualified domestic relations order" as defined in the plan document.

You can obtain, without charge, a copy of the procedures used to determine whether a domestic relations order is a qualified domestic relations order from the Human Resources Department. If you are married and plan to obtain a divorce, we recommend that you contact the Committee for these QDRO procedures and a model QDRO.

USERRA and HEART Act. If you leave your employment with the Otter Tail Power Company to serve in the uniformed services and then are rehired within certain time limits, the Uniformed Services Employment and Reemployment Rights Act ("USERRA") provides you certain rights under the plan. Generally your period of uniformed service will be considered employment with Otter Tail Power Company for purposes of calculating eligibility service and Vesting Service. In addition, generally, your period of uniformed service will be considered employment with Otter Tail Power Company for the purpose of calculating Benefit Accrual Service. There are limitations on the amount of service that will be recognized under the USERRA rules. There are procedures you must follow before you will be credited with this service. The Heroes Earnings Assistance and Tax Relief Act ("HEART Act") also provides veterans with certain rights under the plan. For instance, you may be treated as having returned to work before death or disability during qualified military service for benefit accrual purposes. If you die during qualified military service, you will be considered to have been an employee of Otter Tail Power Company at the time of your death for vesting purposes. Also, any differential pay you receive will be included in compensation used to determine benefits. You can request additional information regarding your rights under USERRA and the HEART Act from the Human Resources Department.

Claims Procedures

If you believe you are entitled to benefits, or you disagree with a decision regarding your benefits, you should file a claim with the Committee. If you do not file a claim or follow the claim procedures, you are giving up important legal rights.

A Claim for Benefits

A "claim" for benefits is a request for benefits under the plan filed in accordance with the plan's claim procedures. To make a claim or request review of a denied claim, you must file a written statement with the Committee. An oral claim or request for review is not sufficient.

Steps in Filing a Claim.

- **Time for Filing a Claim**. The Committee must receive actual delivery of your written claim within 1 year after the date you knew or reasonably should have known of the facts behind your claim.

- **Filing a Claim**. You must file your claim with the Committee. You should include the facts and arguments that you want considered during the claim procedures.

- **Response From the Committee**. Within 90 days of the date the Committee receives your claim, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 90 additional days) to reach a decision. If the Committee notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Committee denies your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, a description of additional material (if any) needed to perfect the claim, your right to file a civil action under section 502(a) of ERISA if your claim is denied upon review, and it will also explain your right to request a review.

Steps in Filing Request for Review.

- **Time for Filing a Request for Review**. The Committee must receive actual delivery of your written request for review within 60 days after the date that you received notice that your claim was denied.

- **Filing a Request for Review**. If the Committee denies your claim, you must file a written request to have the denial reviewed. Your request should include the facts and arguments that you want considered in the review. You may submit written comments, documents, records, and other information relating to your claim. Upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process.

- **Response From the Committee on Review**. Within 60 days after the date the Committee receives your request for review, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 60 additional days) to reach a decision. If the Committee notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Committee affirms the denial of your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, notice that upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process, and your right to file a civil action under section 502(a) of ERISA.

- **Committee Request for Further Information Regarding Your Claim on Review**. If the Committee determines it needs further information to complete its review of your denied claim, you will receive either a written or electronic notice describing the additional information necessary to make the decision. You will then have 60 days from the date you receive the notice requesting additional information to provide the requested information to the Committee. The time between the date the Committee sends its request to you and the date the Committee receives the requested additional information from you does not count against the 60-day period in which the Committee has to decide your claim on review. If the Committee does not receive a response from you, then the period by which the Committee must reach its decision shall be extended by the 60-day period that was provided to you for you to submit the additional information. Note: If special circumstances exist, this period may be further extended.

In General. The Committee will make all decisions on claims and review of denied claims. The Committee has the sole discretion, authority, and responsibility to decide all factual and legal questions under the plan. This includes interpreting and construing the plan and any ambiguous or unclear terms, and determining whether a claimant is eligible for benefits and the amount of the benefits, if any, a claimant is entitled to receive. The Committee may hold hearings and reserves the right to delegate its authority to make decisions, in which case references to "the Committee" in this Summary refer to the Committee's delegate. The Committee may rely on any applicable statute of limitations as a basis to deny a claim. The Committee's decisions are conclusive and binding on all parties. You may, at your own expense, have an attorney or representative act on your behalf, but the Committee reserves the right to require a written authorization for a person to act on your behalf.

Time Periods. The time period for the Committee to decide your claim begins to run on the date the Committee receives your written claim. Similarly, if you file a timely request for review of a denied claim, the time period for the Committee to decide begins to run on the date the Committee receives your written request. In both cases, the time period begins to run regardless of whether you submit comments or information that you would like considered on review.

Limitations Period. If you file your claim within the required time, complete the entire claim procedures, and the Committee denies your claim after you request a review, you may sue over your claim (unless you have executed a release on your claim). You must, however, commence that suit within 30 months after you knew or reasonably should have known of the facts behind your claim or, *if earlier*, within 6 months after the claim procedures are completed.

Exhaustion of Administrative Remedies. Before commencing legal action to recover benefits, or to enforce or clarify rights, you must completely exhaust the plan's claim procedures.

Administrative Safeguards. The plan uses the claim procedures outlined herein and the review by the Committee as administrative processes and safeguards to ensure that the plan's provisions are correctly and consistently applied.

Definition of Relevant. A document, record, or other information is "relevant" to a claim for benefits if it was relied upon in making the claim determination or was submitted, considered or generated in the course of the claim determination process, even it if was not relied upon in making the claim determination. A document, record, or other information is also "relevant" if it demonstrates compliance with the plan's administrative processes and safeguards relating to consistent application of the plan's terms.

Termination and Amendment of the Plan

The Plan Sponsor (Otter Tail Corporation) intends to maintain this plan indefinitely in the future. Subject to its collective bargaining obligations, however, the Plan Sponsor has reserved the right to amend all provisions of the plan and to terminate the plan at any time and for any reason. If the Plan Sponsor amends or terminates the plan, you will be notified.

If the plan is amended, the benefits you have previously earned will not be reduced by the amendment but you may not earn additional benefits. If the plan is terminated, you will not earn any additional benefits but the benefits you have earned will not be canceled. If you are not already vested in your Accrued Benefit under the plan, you will become fully vested if the plan is terminated.

If the plan is terminated and the plan assets are not sufficient to provide all Accrued Benefits, the assets will be distributed in an order required by federal law. That order is generally as follows. First, pensions for retirees and their beneficiaries will be provided. Second, pensions for employees eligible to retire who have not retired before the termination will be provided. Then, pensions for employees vested before the termination will be provided. Finally, pensions for employees vested because of the termination will be provided. If any assets remain after all Accrued Benefits have been paid, the assets will revert to the Plan Sponsor.

Providing Data and Information to the Committee

To ensure effective administration of the plan, you will need to furnish specific information and data, including proof of age, to the Committee. The Human Resources Department will assist you in determining the information needed and in completing necessary forms.

Top Heavy Provisions

There are certain provisions that become effective if the plan becomes "top heavy" as defined by federal tax laws. If that occurs and you are affected, you will be informed.

Benefit Limitations Required by Law

Federal law limits the amount of benefits that can be paid to a participant for any year. If you are impacted by this limitation, you will be notified. If you would like further information on this limit, please contact the Human Resources Department.

Tax Benefits

This plan is "tax-qualified" as a defined benefit pension plan under the Internal Revenue Code. As a result, distributions from the plan may be entitled to special tax treatment. You are encouraged to seek advice from a tax expert before making final decisions about your benefits upon retirement or termination.

Other Summary Plan Descriptions

This plan has three separate summary plan descriptions:

- The summary plan description for employees of Otter Tail Power Company, except the union employees of Coyote Station.
- The summary plan description for corporate employees of Otter Tail Corporation.
- The summary plan description for union employees of Coyote Station.

"PBGC" Insurance

Your pension benefits under the plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan; but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay. Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers. For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Your Rights Under the Employee Retirement Income Security Act

As a participant in the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits.

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents, governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

- Receive a copy of the plan's funding notice. The Plan Administrator is required by law to furnish each participant with a copy of this notice.

- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (generally age 65) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries. In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights. If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions. If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ER1SA by calling the publications hotline of the Employee Benefits Security Administration.

ABOUT THE PLAN

Plan Name and Year

The plan name is "Otter Tail Corporation Pension Plan." The Internal Revenue Service and the Department of Labor identify this plan by its name and by the number: 006. The plan year ends each December 31.

Plan Sponsor

The name, address and telephone number of the employer sponsoring the plan and its federal taxpayer identification number ("EIN") are:

Otter Tail Corporation
215 South Cascade Street
Fergus Falls, MN 56537
Telephone: (218) 739-8200
EIN: 27-0383995

Plan Administrator

The plan is administered by the Benefits Administration Committee of Otter Tail Corporation (the "Committee"). Communications addressed to the Committee in its capacity as administrator of the plan should be addressed to:

Human Resources Department
Otter Tail Corporation
4334 18th Avenue SW, Suite 200
P.O. Box 9156
Fargo, ND 58106
Telephone: (701) 451-3582

Service of Legal Process

The General Counsel of Otter Tail Corporation is designated as agent for service of legal process against the plan. The address for service on the General Counsel of Otter Tail Corporation is:

General Counsel
Otter Tail Corporation
215 South Cascade Street
Fergus Falls, MN 56537

Also, service of legal process may be made upon the Committee as Plan Administrator or upon the Trustee.

Trustee

The amount of your retirement benefit does not depend on the amount in the trust fund. These benefits will be funded by contributions of the participating employers as determined by the plan's actuary to a trust fund held by the Trustee. You are not required or permitted to make any contributions. The plan's Trustee is:

SEI Private Trust Company
1 Freedom Valley Drive
Oakes, PA 19456

Collective Bargaining Agreement

The Pension Plan is maintained, in part, pursuant to a collective bargaining agreement. Copies of the collective bargaining agreement are available for examination in the Human Resources Department or your local union office.

FINAL NOTES

Your annual Employee Benefit Statement indicates the amount of your accrued benefits, your vesting status and a projection of your Social Security and Pension benefits. This statement is a useful tool for retirement planning purposes. The Pension and Social Security amounts shown on the statement reflect the amount that would be paid if you continued to work until retirement at age 62 and age 65, in current dollars (not adjusted for future wage changes or inflation). These amounts are especially useful if you are close to retirement. Of course, plan changes that occur before your retirement may have an impact on the final pension amount.

You should contact the Human Resources Department as soon as you have determined the date you wish to retire. They will develop an estimate of your Pension benefit and discuss with you, and your spouse, the various options available under the Pension Plan, as well as other retirement related issues.

The Pension Plan is the result of many years of research, innovation and Collective Bargaining agreements with union representatives. A great deal of time and money is spent ensuring legal compliance and monitoring the performance results of pension investments to ensure the plan is operated in the best interest of our employees. We encourage you to gain an understanding of the plan and become familiar with the benefits it provides. We believe that the plan, when combined with the opportunity to save through the Retirement Savings Plan, will go a long way toward helping you ensure a comfortable, enjoyable retirement for you and your family.

OTTER TAIL CORPORATION PENSION PLAN

SUMMARY PLAN DESCRIPTION
AS OF JANUARY 1, 2024

Summary Plan Description for Union Employees of Coyote Station

This plan has three separate Summary Plan Descriptions. See the Other Provisions and Features section of this Summary for information on the other summary plan description.

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INTRODUCTION

The Otter Tail Corporation Pension Plan was established in 1944. The first plan was fairly simple and easily explained in a few pages. Today the plan is complicated due to the many changes that have been made over the years. The purpose of the plan remains the same as it was in 1944: To provide employees with a dependable income after retirement from Otter Tail Power Company and all affiliates. This booklet is designed to help you understand how the plan works today.

The Pension Plan is a Defined Benefit Plan, which means that benefits under the plan are based on a specific formula. The plan is also an Integrated Plan, which means that the benefits under the plan are coordinated with Social Security to produce a total payment that replaces a targeted level of pre-retirement income.

Your actual retirement benefit is based on your compensation, Covered Compensation according to the Social Security Administration, years of Plan Participation and your age at retirement. Payments under the Pension Plan are in addition to payments received from Social Security.

Otter Tail Corporation is the plan sponsor of the Otter Tail Corporation Pension Plan. Otter Tail Power Company is a participating employer in the Pension Plan.

The information in this booklet contains all changes in the Pension Plan through the First Amendment of the 2016 Restatement and is current as of January 1, 2024.

This booklet is intended to be a summary of the major provisions of the Otter Tail Corporation Pension Plan. Additional information may be found in the Otter Tail Corporation Pension Plan document. Should a discrepancy exist, the provisions of the plan document will prevail.

Please read this booklet carefully. Although the provisions of this plan are complicated, we have tried to explain them in as easy to understand terms as possible. We hope this booklet helps you understand the plan and how it will benefit you in the future. Please contact the Human Resources Department if you have any questions about this plan.

PENSION PLAN OVERVIEW

Participation

If you were hired prior to January 1, 2009 and you were classified as an employee of Otter Tail Power Company at the Coyote Station and you were covered by a collective bargaining agreement that provided for inclusion in the plan, you automatically became a participant in the plan on the first day of the calendar month following your date of hire or, if later, the first day of the calendar month following your 18th birthday. (If you were hired on the first day of a month or turned 18 on the first day of a month, you entered the plan that month.) Any employees at the Coyote Station who were hired on or after January 1, 2009 are not eligible to participate in the plan. This means no new participants have entered the plan after January 1, 2009. Freezing the plan to new participants after January 1, 2009 does not affect the benefit accrual and vesting for employees who were already participants in the plan. All contributions and plan expenses are paid by the participating employers (*i.e.*, Otter Tail Corporation and Otter Tail Power Company).

Vesting of Your Accrued Benefit

The term Vesting Service is used to describe the amount of service credited on your behalf for Pension Plan purposes. A year of Vesting Service is credited for each year in which you complete at least 1,000 hours of service with Otter Tail Power Company. Fractional years are not credited for vesting purposes.

A vested benefit is a nonforfeitable benefit. That means that once you are vested in the Pension Plan, you have a right to receive a benefit even if you leave the company before retirement. The amount of your benefit is based on your accrued benefit and the benefit formula in effect at that time.

Normally your Accrued Benefit is vested when you complete at least five years of vesting service with Otter Tail Power Company. Your Accrued Benefit is the amount of your monthly pension that has been accumulated as of a specific date, based on the formula in effect at that time.

A break in your service with Otter Tail Power Company may affect your Vesting Service. If you have had a break in service (completed 500 hours of service or less in one year), contact the Human Resources Department for more information.

Benefit Accrual Service (Plan Participation)

This term refers to the number of years and fractions of years that you actually participated in the Pension Plan. Your Accrued Benefit is based on your Benefit Accrual Service (Plan Participation). This is discussed further under “How Your Service is Credited” section of this booklet.

Retiring Under the Pension Plan

If you are vested, you may receive a retirement benefit from the Pension Plan under any of the following circumstances:

> **Normal Retirement**: Normal retirement occurs on or after your Normal Retirement Age. For most employees, Normal Retirement Age is the date you turn age 65.
>
> **Early Retirement**: This refers to any retirement that occurs prior to Normal Retirement Age (65). You may retire under the Pension Plan as early as age 55 if you have completed at least 10 years of vesting service. Retirement before age 55 is not allowed under this plan. Your benefit will be reduced if you retire before age 62.
>
> **Deferred Vested Pension**: If you leave the company before you qualify for Normal or Early Retirement, you are eligible to receive a deferred benefit provided you are vested.

Each of these circumstances is discussed in "The Pension Formula" section of this brochure.

Benefit Options

You may elect to receive a Life Only (Basic) Pension or one of several Survivor Annuity Options. If you are married, you will need your spouse's consent if you choose any option other than the Qualified Joint and Survivor Annuity.

Death Benefits

The Pension Plan provides benefits for your spouse if you die before you begin receiving pension payments and may provide benefits to a designated beneficiary if you die after retirement.

A discussion of the benefit options and death benefits available under the plan can be found in the "Receiving Your Benefits" section of this booklet.

HOW THE PENSION PLAN WORKS

Your retirement benefit under this plan is determined by a specific formula. The formula uses several factors to determine your benefit including:

1. **Your Final Average Earnings**: Final Average Earnings is the average of your highest 36 consecutive months of salary during the past 10 years. Amounts you contributed for life insurance, Flexible Benefit Reimbursement Accounts and the Retirement Savings Plan are included in your Final Average Earnings. Final Average Earnings does not include performance awards, expense reimbursements, lump-sum vacation payments, the value of long term incentives under the Stock Incentive Plan, individual incentive payments or similar amounts.

2. **Covered Compensation**: Current law governing the type of benefit formula used in the Pension Plan, called an excess formula, requires that we use a specific table published by the Social Security Administration to determine your Covered Compensation amount. Covered Compensation is the 35-year average of the Social Security Taxable Wage Base (the amount of pay subject to Social Security taxes each year) ending in the year you reach normal Social Security Retirement Age (which is age 65, 66 or 67 depending on the year in which you were born). Your actual Covered Compensation amount will change annually until you reach Social Security Normal Retirement Age.

   Covered Compensation is an important part of the Pension Plan formula. Our goal is for the combination of your Pension benefit and Social Security benefits, at Normal Retirement Age, to replace an equal percentage of Final Average Earnings across all pay levels. However, Social Security represents a higher percentage of Final Average Earnings at lower pay levels than at higher pay levels. Use of Covered Compensation in the Pension Plan formula helps to equalize the combined retirement benefit by recognizing the differences between actual pay and the maximum amount of pay used to determine Social Security benefits. While this method does not completely eliminate inequalities, it significantly reduces the gap between higher and lower paid employees.

   Covered Compensation is NOT based on your actual pay. It is based on the maximum amount of pay that is subject to Social Security taxes each year. Anyone born in a given year will have the same Covered Compensation amount, regardless of their actual pay. A copy of the current Covered Compensation table is available from the Human Resources Department upon request.

3. **Years of Benefit Accrual Service (Plan Participation)**: This is the number of years you have actually been a participant in the Pension Plan. Generally, you are credited with one year of Benefit Accrual Service for each calendar year during which you complete 1,000 or more hours of service with Otter Tail Power Company and you are a participant in the plan for the entire year. See the "How Your Service is Credited" below for more details. Your years of Benefit Accrual Service (Plan Participation) may be different than your years of vesting service. If you were employed at Coyote Station as of July 1, 1998, your years

of Benefit Accrual Service (Plan Participation) will also include your service eligible for pension plan benefits under the MDU Plan prior to July 1, 1998.

4. **Your age** when you elect to begin receiving payments.

5. The **benefit option** you elect.

How Service is Credited

The amount of your benefit depends on the number of years you actually participated in the plan. Generally, you receive one year of Benefit Accrual Service (Plan Participation) for each entire calendar year in which you participate in the plan and complete at least 1,000 hours of service. Partial years are credited for the year you join the plan and the year you terminate employment if, during those partial years, you complete service at the rate of at least 1,000 hours per year.

One hour of service is credited for each hour you are paid or are entitled to payment for performance of your job. Up to 501 hours of service may be credited for vacation, holidays, illness, incapacity (including disability), layoff, jury duty, military duty and leave of absence.

Special rules apply for crediting service during a leave of absence and Long Term Disability. Please contact the Human Resources Department for more information about these rules.

Breaks in Service

A Break In Service occurs in any year that you do not complete at least 501 hours of service. This generally occurs when you leave employment with Otter Tail Power Company.

Breaks in Service may affect how your Vesting Service and Benefit Accrual Service (Plan Participation) are determined. If you have a vested benefit, Vesting Service and Benefit Accrual Service will be credited for service completed before and after any Break in Service.

If you are not vested, Vesting Service and Benefit Accrual Service completed prior to a Break in Service will be disregarded in determining your benefit under the plan if the total number of one-year Breaks in Service equal or exceed the greater of:

1. Five consecutive years or,

2 The total number of years of Benefit Accrual Service (or Vesting Service) completed before the Break in Service occurred.

For example:

Assume John began his career with Otter Tail Power Company as a full-time employee on January 1, 2000 at age 25. He quit on December 31, 2002, then resumes working for Otter Tail Power Company on January 1, 2008. John was not vested when he quit work because he had completed only three years of service.

According to the Break in Service rules, John will not receive credit for his prior service. His total Break in Service would be five years (January 1, 2003 through December 31, 2007) which equals or exceeds the greater of five or the number of years of Vesting Service or Benefit Accrual Service completed prior to the break (three years - January 1, 2000 through December 31, 2002).

The Pension Plan Formula

Your actual pension benefit amount is determined by a specific formula. The formula is used to compute your benefit at normal retirement, early retirement or under a deferred vested pension. The formula is as follows:

The sum of

38% of your Final Average Earnings

Plus

18% of your Final Average Earnings in excess of Covered Compensation

Multiplied by

$$\frac{\textbf{Number of Years Benefit Accrual Service up to 30}}{\textbf{30}}$$

Minus

Your MDU Plan benefit, if any

Equals

Your Life Only (Basic) Pension Benefit*

***The Life Only (Basic) Pension Benefit refers to your benefit amount calculated prior to adjustments for any survivor option you elect.**

If you have more than 30 years of Benefit Accrual Service, you are entitled to an extra benefit called the Additional Service Percentage. This amount is equal to 1% per year for each year of Benefit Accrual Service between 31 and 40 years for a maximum additional benefit of 10%.

If any part of your service was earned while employed in a corporate position with Otter Tail Corporation, you should contact Human Resources Department for information regarding your pension benefit.

If you were employed by MDU at the Coyote Station as of June 30, 1998, your MDU Plan benefit is equal to your accrued benefit under the MDU Plan as of June 30, 1998, increased annually by the Escalation Adjustment. The Escalation Adjustment is equal to 6 percent per year, but may be reduced to ensure that the accrued benefit under the MDU Plan does not exceed the total benefit payable to you under the combined Plans and determined by this Pension Plan. The Escalation Adjustment continues to the earlier of the date (1) you reach 35 years of Benefit Accrual Service, (2) you terminate employment from Coyote Station, or (3) you begin receiving payments from the MDU Plan.

If you were not employed by MDU at the Coyote Station as of June 30, 1998, your MDU benefit is equal to zero, for this purpose, and your service, if any, earned while employed by MDU will not be taken into account when determining your accrued benefit under this Pension Plan.

Your Benefit at Normal Retirement

Normal retirement occurs if you retire on or after your normal retirement age. Generally speaking, your normal retirement age is 65.

For example:

Assume Sally decides to retire on October 2, 2025 at age 65. She was born in 1960. Her Final Average Earnings at retirement is $9,079 and her Covered Compensation is $9,041*. She has 35 years of Benefit Accrual Service. Her monthly Life Only (Basic) Pension benefit will be:

38% of Final Average Earnings (.38 x $9,079)		$3,450.02
Plus		
18% of Final Average Earnings in excess of Covered Compensation (.18 x ($9,079-$9,041 = $38))		+$ 6.84
		$3,456.86
Multiplied by		
Benefit Accrual Service up to 30 / 30	($3,456.86 x 30/30)	$3,456.86

Since Sally has more than 30 years of Benefit Accrual Service, she is eligible for the Additional Service Percentage equal to 1% for each year of Benefit Accrual Service over 30. Sally has 5 years of Benefit Accrual Service in excess of 30 years. Therefore Sally will get an additional 5%.

Additional Service Percentage ($3,456.86 x .05)		$ 172.84
Total Monthly Life Only (Basic) Pension	($3,456.86 + $172.84)	**$3,629.70**

* From 2024 Covered Compensation Table. This would be the same amount for everyone born in 1960, regardless of their actual pay level. Refer to page 4 for a detailed explanation of covered compensation.

Based on the rules governing the MDU Plan, you may decide to begin your MDU Plan payments prior to termination of employment from Coyote Station. Beginning payments from the MDU Plan prior to actual termination of employment from Coyote Station may have a significant impact on your total pension payments. This is because your total Otter Tail Plan benefit will be calculated assuming the Escalation Adjustment under the MDU Plan continued until the earlier of (1) the date your combined Benefit Accrual Service reaches 35 years or (2) your termination of employment from Coyote Station. Although the Escalation Adjustment is included in the Otter Tail Plan calculation, it will *not* be included in the MDU Plan benefit payments after you have commenced these benefits. In other words, your benefit under the Otter Tail Plan upon your termination from Coyote Station will be calculated assuming the MDU Plan benefit continues to increase, even though the increases have actually ended.

Here's an example of how this program works:

Assume that, upon transfer to Otter Tail Power Company, John was 35 years old on July 1, 1998, had completed 15 years of total service with MDU and had 14 years of Benefit Accrual Service for MDU Plan purposes (service prior to age 21 is not counted). Upon transfer to Otter Tail Power Company, he had an accrued benefit under the MDU Plan of $450 per month. John continues to work at Coyote Station until his retirement at age 62. John will have 41 years of combined Benefit Accrual Service under the Pension Plan upon retirement. Assuming that John's accrued benefit under the Pension Plan continues to increase based upon salary increases and additional Benefit Accrual Service, John's final pension payment would be as follows:

Total life only amount payable as determined under the Otter Tail Plan formula	$2,935
Life only amount payable from the MDU Plan	$1,530
Net life only amount payable from the Otter Tail Plan	$1,405

If John decides to begin payments from the MDU Plan prior to termination of employment from Coyote Station, the calculation shown above will be the same. **However, the actual amount he receives from the MDU Plan will be lower because the Escalation Adjustment actually credited to his MDU benefit amount ends when payment from the MDU Plan begins**. In this case, John is losing part of the benefit (because of a lower total benefit amount) that would have been payable from the MDU Plan had the funds remained in the plan until John's retirement. Payment from the MDU Plan is subject to the rules and requirements of the MDU Plan documents.

Your Benefit at Early Retirement

Early retirement occurs if you terminate employment with Otter Tail Power Company on or after age 55 and you have completed at least 10 years of Vesting Service (your early retirement age) with Otter Tail Power Company. If you commence payments prior to age 62, your pension benefit will be reduced. There is no reduction if you commence your benefit after you reach age 62. The reduction reflects the fact that you will be receiving a benefit under the plan for a longer period of time than if you had commenced your benefit on or after age 62. The amount of the reduction depends on your age at the time you commence your benefit, according to the following schedule:

Age	**Factor**
64	No Reduction
63	No Reduction
62	No Reduction
61	5%
60	10%
59	15%
58	20%
57	25%
56	32%
55	39%

For example:

If you decide to retire and commence your benefit at age 60, your pension benefit will be reduced by 10%. Likewise, if you decide to retire and commence your benefit at age 55, your pension amount will be reduced by 39%. There is no reduction if you retire and commence your benefit on or after age 62.

For example:

Assume Jim is trying to decide if he wants to retire at age 60 or age 62. He was born in 1949. His Final Average Earnings is $10,100 at age 60 or $10,650 at age 62 and his Covered Compensation is $10,070 at age 60 and $10,555* at 62. He will have 32 years of Benefit Accrual Service at age 60 and 34 years of Benefit Accrual Service at age 62. His Monthly Life Only (Basic) Pension benefit would be:

		AGE 60	**AGE 62**
38% of Final Average Earnings	(.38 x $10,100)	$3,838.00	
	(.38 x $10,650)		$4,047.00
Plus			
18% of Final Average Earnings in excess of Covered Compensation	(.18 x ($10,100-$10,070))	+$ 5.40	
	(.18 x ($10,650-$10,555))*		+$ 17.10
		$3,843.40	$4,064.10

Multiplied by		
Plan Participation up to 30		
30		
($3,843.40 x 30/30)	$3,843.40	
($4,064.10 x 30/30)		$4,064.10
Plus		
Additional Service Percentage		
(.01 x 2 =.02; .02 x $3,843.40)	+$ 76.89	
(.01 x 4 =.04; .04 x $4,064.10)		+$ 162.56
	$3,920.29	$4,226.66
Less Reduction for Early Retirement		
(Factor for Age 60 = 10%)		
($3,920.29 x .10)	-$ 392.03	**
Total Monthly Life Only (Basic) Pension	**$3,528.26**	**$4,226.66**

* **Estimated**
** **There is no reduction for retirement on or after age 62**.

Payment must begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949). If you are thinking about early retirement, be sure to contact the Human Resources Department for an estimate of your pension benefit.

Your Benefit if You Leave the Company Before Retirement

If you leave the company before your early retirement age, and if you are vested (at least five years of vesting service), you will be entitled to a benefit under this plan. The benefit under these conditions is called a Deferred Vested Benefit because payments are deferred (delayed) until you reach retirement age. If you leave the company before you are vested, no benefits will be available to you.

Your benefit will be based on the amount of your Vested Accrued Benefit at the time you leave the company. You may begin receiving payments as early as age 55. However, payments made prior to age 65 will be reduced at the rate of five percent (5%) per year (one-twelfth (1/12) of five percent (5%) per month) for payments received before age 65. Payments must begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949). If the present value of your benefit is $1,000 or less when you leave the company, payment will be made in a single lump sum. If the present value of your benefit is greater than $5,000 but less than $15,001 you may choose to receive payment in a lump sum, but only if your spouse consents as discussed on the following page. If the present value of your benefit is greater than $1,000, but less than $5,000, you may choose to receive a lump sum payment, without the consent of your spouse.

For example:

Assume Jane leaves the company before age 55. She has a Vested Accrued Benefit of $1,200 per month based on the Pension Plan formula in effect when she leaves. This is the monthly amount payable to her in the Life Only (Basic) Pension if she elects to begin receiving payments at age 65.

The following table shows the monthly amount payable to Jane in the Life Only (Basic) Pension if she elects to begin receiving payment prior to age 65.

Age	Amount
55	$600
56	$660
57	$720
58	$780
59	$840
60	$900
61	$960
62	$1,020
63	$1,080
64	$1,140

Your Benefit if You Become Disabled

If you become disabled while you are a participant in this plan and begin receiving benefits under the Otter Tail Corporation Long-Term Disability Plan, you will receive credit for service as if you were an active employee from the time you become disabled until you return to work, reach your Early Retirement Age or Normal Retirement Age or die. You will also be credited for earning compensation each year at the annual rate in effect for you when you become disabled. If you recover from disability before reaching Early Retirement Age or Normal Retirement Age, you must return to work for Otter Tail Power Company to receive this service credit.

If you apply for and accept a Deferred Vested Benefit under the Pension Plan while you are disabled, you will not receive the special service credit discussed above. Pension benefits under this plan will begin when your disability benefits end - generally when you reach Early Retirement Age or Normal Retirement Age. You cannot receive benefits under this plan and the Long-Term Disability Plan at the same time.

The disability rules will be discussed with you in detail should you become disabled. For more information about these rules, please contact the Human Resources Department.

RECEIVING YOUR BENEFITS

To receive Pension Plan benefits you must file a written application. Applications are available from the Human Resources Department.

You will begin receiving your pension benefit on the first day of the month following your retirement and completion of your written application. If you leave the company with a Vested Benefit and do not begin receiving benefit immediately, payments will begin no later than the first day of the calendar year following the year in which you reach age 73 (or age 72 if you were born between July 1, 1949 and December 31, 1950 or age 70-1/2 if you were born prior to July 1, 1949), even if you do not file a written application.

Automatic Forms of Payment

There are three automatic forms of payment under the Pension Plan. If you are single, you will automatically receive the Life Only (basic) option unless you elect a different option. If you are married, you will automatically receive the Qualified Joint and Survivor Annuity option unless you and your spouse consent, in writing, to a different form of payment (See the “Spouse’s Consent” discussion below for additional information). Finally, under the plan’s “Payment of Small Amounts” rules, if the present value of your Vested Accrued Benefit at retirement or termination of employment is $1,000 or less, it will be paid to you in a single lump-sum payment as soon as is administratively possible. This normally occurs when a participant leaves the company before retirement.

If the present value of your Vested Accrued Benefit at retirement or termination of employment is greater than $1,000, but less than $15,001, you may choose to receive a lump sum payment as soon as administratively possible. If your lump sum is greater than $5,000 and you elect a lump sum payment, your spouse must consent to the lump sum payment as discussed below.

You may choose any of the options discussed below, subject to your spouse’s consent if you are married. In order to receive payment under any option other than the automatic form, <u>you must elect the option within the 90-day period prior to the date of your first payment</u>. Other rules concerning consent and timelines may apply. Specific information will be provided to you prior to your actual retirement.

Spouse’s Consent

Current law requires that, if you are married, you must receive the Qualified Joint and Survivor Annuity unless you and your spouse consent to another form of payment. The consent must be in writing, must be notarized and must be completed within the 90-day period prior to the date of your first payment under the plan. You may change your election anytime up to the date payment begins. However, you must have your spouse’s consent each time you make a change.

Benefit Options

The following payment options are available under the Pension Plan:

1. **Life Only (Basic) Pension**: Under this option, payments are made to you until your death. Upon your death, no further payments will be made. This is the automatic form of payment if you are not married.

2. **Qualified Joint and Survivor Annuity**: This is the automatic form of payment for married participants as required by law. Under this option, your monthly benefit is reduced to provide a lifetime benefit for your spouse, after your death, equal to 50% (unless you elect an alternative 75%) of your monthly benefit. If your spouse dies before you, no benefits will be paid after your death.

3. **Ten-Year Term Certain Annuity**: Under this option, reduced payments will be made over your lifetime, or for 120 months, whichever is longer. If you die before receiving 120 payments, the remaining payments will be made to your beneficiary. Your designated beneficiary need not be your spouse under this option.

4. **Survivor Annuity**: Under this option, your benefit is reduced to provide a monthly benefit for your surviving beneficiary equal to 50%, 75% or 100% of your monthly benefit. This is different from the Qualified Joint and Survivor Annuity because the beneficiary does not have to be your spouse. The benefit is payable upon your death for the lifetime of your designated beneficiary. If your beneficiary dies before you, no further payments will be made upon your death. To qualify under this option, your beneficiary must be designated at least one year prior to the date of your death (this option can only be selected if at least 50% of the present value of all benefits expected to be paid are likely to be paid to the plan participant).

5. **Reversion Option**: This option can be elected with the Qualified Joint and Survivor Annuity or any Survivor Annuity. With this option, if your spouse/beneficiary dies before you, your pension benefit changes back to the Basic (life only) Pension. An additional cost of 2% of the Basic (life only) Pension is charged for this option. The Reversion Option cannot be used with the Ten-Year Term Certain Annuity.

For example:

Assume Pete will retire on June 1, 2024 with a Life Only (Basic) Pension benefit of $3,000 per month. The table below indicates the pension benefit amounts payable under each of the options discussed above (assuming that Pete and Pete's spouse or beneficiary are the same age).

OPTION	**REDUCTION FACTOR***	**MONTHLY BENEFIT**	**SURVIVOR BENEFIT**
Life Only (Basic)	None	$3,000.00	None
50% Qualified Joint and Survivor Annuity or 50% Survivor Annuity – no reversion	.11	$2,670.00	$1,335.00
50% Qualified Joint and Survivor Annuity or 50% Survivor Annuity- with reversion	.13	$2,610.00	$1,305.00
75% Qualified Joint and Survivor Annuity or 75% Survivor Annuity- no reversion	.14	$2,580.00	$1,935.00
75% Qualified Joint and Survivor Annuity or 75% Survivor Annuity- with reversion	.16	$2,520.00	$1,890.00
Ten-Year Term Certain Annuity	.05	$2,850.00	$2,850.00**
100% Survivor Annuity - no reversion	.21	$2,370.00	$2,370.00
100% Survivor Annuity - with reversion	.23	$2,310.00	$2,310.00

* The reduction factor represents the increased cost associated with providing the additional benefit for your spouse or beneficiary. Further adjustments are made to account for age differences between the participant and the beneficiary (except under the Ten-Year Certain option). Contact the Human Resources Department for more information concerning this adjustment.

** Payments are made for the remainder of the 10-year period only, if any.

Forms covering your option election and spouse's consent are included in the retirement information packet provided by the Human Resources Department prior to your retirement.

DEATH BENEFITS

The Pension Plan provides death benefits before and after your retirement. The following is a summary of the death benefits provided:

Pre-Retirement Death Benefit

If, as a plan participant, you die before terminating employment and before receiving any payments under this plan, your surviving spouse will receive a monthly survivor annuity equal to the greater of:

1. The spouse's portion of the Qualified Joint and Survivor Annuity (called the Qualified Pre-retirement Survivor Annuity) calculated as if you retired on your date of death

OR

2. 1/12th of 25% of your annual compensation during the calendar year immediately preceding your death. This amount includes any amount payable under the Qualified Pre-retirement Survivor Annuity discussed above.

Upon your death, the Human Resources Department will determine which option provides the greater benefit.

Payments will begin on the date designated by your spouse which is not earlier than the first day of the month coincident with or next following the date you would have attained early retirement age and not later than your normal retirement age. If you die while employed after your normal retirement date, your spouse will receive payment beginning as of the first day of the month following your death. The pension benefit will be awarded as long as you were married at least one year prior to the date of your death. These benefits are in addition to any life insurance benefits payable under any other Otter Tail Power Company benefit plan.

If you die after termination of employment with Otter Tail Power Company and meet the following requirements, your surviving spouse will receive a monthly survivor annuity:

- You are entitled to a Deferral Vested Benefit under this plan, and
- You have not started to receive payments under this plan, and
- You are married and had been married for the one year preceding your death, and
- You did not cancel this benefit. In order to cancel this benefit, you must obtain spousal consent.

The cost for this death benefit is deducted from your accrued benefit amount at the time you commence your retirement benefit. You may obtain information regarding the cost of this benefit and the specific rules governing this benefit by contacting the Human Resources Department.

Post-Retirement Death Benefit

If you die after you begin receiving benefits under this plan, your beneficiary is entitled to any benefits payable under the pension option you elected. If you did not elect a Survivor Annuity Option, or if you elect the Ten-Year Term Certain Annuity and you die after receiving at least 120 payments from the plan, no further benefits will be payable upon your death.

PENSION PURCHASE OPTION

The Pension Purchase Option allows you to purchase an additional monthly annuity from the Pension Plan using assets you have accumulated in your Retirement Savings Plan account. The purchase is made by rolling over funds directly from your Retirement Savings Plan account to the Pension Plan. You can rollover any amount from $10,000 (or your total account balance if less) up to your entire Retirement Savings Plan account balance. Once made, the election to purchase additional benefits through the Pension Purchase Option is irrevocable.

Pension Purchase Option annuity payments are paid for your lifetime (or your survivor's lifetime in the event of your death if you choose a survivor option). The annuity amount is calculated using annuity factors provided by the plan's actuary. These factors are based on life expectancy tables and interest rates used by commercial insurance companies. Your monthly payment under the Pension Purchase Option may be higher than a commercial annuity because the interest rate is not reduced, as it is with a commercial annuity, to account for administrative charges, investment and mortality risk or profits.

You can choose among several survivor options under the Pension Purchase Option that will help you provide additional income protection for your spouse or other beneficiary in the event of your death. Some of the options include a principal guarantee feature which guarantees a total payment of at least the amount you roll over from the Retirement Savings Plan. The options are similar to those available under the Pension Plan and include the Single Life Annuity (with or without the principal guarantee feature), 50% (or alternate 75%) Qualified Joint & Survivor Annuity (for your spouse only - does not include the principal guarantee feature), 50% Survivor Annuity, 75% Survivor Annuity and 100% Survivor Annuity (these include the principal guarantee). The cost of the survivor option is paid by the retiree through lower monthly annuity payments.

Here's an example of how the Pension Purchase Option works:

Assume Jim retires and elects to use the Pension Purchase Option. He elects the Single Life Annuity and rolls over $100,000 from his Retirement Savings Account to the Pension Plan. The annuity factor, provided by the plan's actuary and based on Jim's age, is 10.1592. Jim's monthly annuity payment will be $820.28 ($100,000 divided by 10.1592 divided by 12). This amount will be paid to Jim each month as long as he lives, even if he outlives his expected lifetime.

OTHER PROVISIONS AND FEATURES

Assignment of Benefit Prohibited

As required by federal law, your retirement benefit cannot be reached by creditors (by garnishment or any other process) while it is held in trust. Also, you may not pledge or assign your retirement benefit to anyone else while it's being held in trust. For example, you cannot use your retirement benefit as collateral for a loan. However, in the event of a marriage dissolution or other domestic relations court order, part or all of your benefit can be assigned to your former spouse or dependents. To be effective, however, the court order must be a "qualified domestic relations order" as defined in the plan document.

You can obtain, without charge, a copy of the procedures used to determine whether a domestic relations order is a qualified domestic relations order from the Human Resources Department. If you are married and plan to obtain a divorce, we recommend that you contact the Committee for these QDRO procedures and a model QDRO.

USERRA and HEART Act. If you leave your employment with the Otter Tail Power Company to serve in the uniformed services and then are rehired within certain time limits, the Uniformed Services Employment and Reemployment Rights Act ("USERRA") provides you certain rights under the plan. Generally your period of uniformed service will be considered employment with Otter Tail Power Company for purposes of calculating eligibility service and Vesting Service. In addition, generally, your period of uniformed service will be considered employment with Otter Tail Power Company for the purpose of calculating Benefit Accrual Service. There are limitations on the amount of service that will be recognized under the USERRA rules. There are procedures you must follow before you will be credited with this service. The Heroes Earnings Assistance and Tax Relief Act ("HEART Act") also provides veterans with certain rights under the plan. For instance, you may be treated as having returned to work before death or disability during qualified military service for benefit accrual purposes. If you die during qualified military service, you will be considered to have been an employee of Otter Tail Power Company at the time of your death for vesting purposes. Also, any differential pay you receive will be included in compensation used to determine benefits. You can request additional information regarding your rights under USERRA and the HEART Act from the Human Resources Department.

Claims Procedures

If you believe you are entitled to benefits, or you disagree with a decision regarding your benefits, you should file a claim with the Committee. If you do not file a claim or follow the claim procedures, you are giving up important legal rights.

A Claim for Benefits

A "claim" for benefits is a request for benefits under the plan filed in accordance with the plan's claim procedures. To make a claim or request review of a denied claim, you must file a written statement with the Committee. An oral claim or request for review is not sufficient.

Steps in Filing a Claim.

- **Time for Filing a Claim**. The Committee must receive actual delivery of your written claim within 1 year after the date you knew or reasonably should have known of the facts behind your claim.

- **Filing a Claim**. You must file your claim with the Committee. You should include the facts and arguments that you want considered during the claim procedures.

- **Response From the Committee**. Within 90 days of the date the Committee receives your claim, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 90 additional days) to reach a decision. If the Committee notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Committee denies your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, a description of additional material (if any) needed to perfect the claim, your right to file a civil action under section 502(a) of ERISA if your claim is denied upon review, and it will also explain your right to request a review.

Steps in Filing Request for Review.

- **Time for Filing a Request for Review**. The Committee must receive actual delivery of your written request for review within 60 days after the date that you received notice that your claim was denied.

- **Filing a Request for Review**. If the Committee denies your claim, you must file a written request to have the denial reviewed. Your request should include the facts and arguments that you want considered in the review. You may submit written comments, documents, records, and other information relating to your claim. Upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process.

- **Response From the Committee on Review**. Within 60 days after the date the Committee receives your request for review, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 60 additional days) to reach a decision. If the Committee notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Committee affirms the denial of your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, notice that upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process, and your right to file a civil action under section 502(a) of ERISA.

- **Committee Request for Further Information Regarding Your Claim on Review**. If the Committee determines it needs further information to complete its review of your denied claim, you will receive either a written or electronic notice describing the additional information necessary to make the decision. You will then have 60 days from the date you receive the notice requesting additional information to provide the requested information to the Committee. The time between the date the Committee sends its request to you and the date the Committee receives the requested additional information from you does not count against the 60-day period in which the Committee has to decide your claim on review. If the Committee does not receive a response from you, then the period by which the Committee must reach its decision shall be extended by the 60-day period that was provided to you for you to submit the additional information. Note: If special circumstances exist, this period may be further extended.

In General. The Committee will make all decisions on claims and review of denied claims. The Committee has the sole discretion, authority, and responsibility to decide all factual and legal questions under the plan. This includes interpreting and construing the plan and any ambiguous or unclear terms, and determining whether a claimant is eligible for benefits and the amount of the benefits, if any, a claimant is entitled to receive. The Committee may hold hearings and reserves the right to delegate its authority to make decisions, in which case references to "the Committee" in this Summary refer to the Committee's delegate. The Committee may rely on any applicable statute of limitations as a basis to deny a claim. The Committee's decisions are conclusive and binding on all parties. You may, at your own expense, have an attorney or representative act on your behalf, but the Committee reserves the right to require a written authorization for a person to act on your behalf.

Time Periods. The time period for the Committee to decide your claim begins to run on the date the Committee receives your written claim. Similarly, if you file a timely request for review of a denied claim, the time period for the Committee to decide begins to run on the date the Committee receives your written request. In both cases, the time period begins to run regardless of whether you submit comments or information that you would like considered on review.

Limitations Period. If you file your claim within the required time, complete the entire claim procedures, and the Committee denies your claim after you request a review, you may sue over your claim (unless you have executed a release on your claim). You must, however, commence that suit within 30 months after you knew or reasonably should have known of the facts behind your claim or, *if earlier*, within 6 months after the claim procedures are completed.

Exhaustion of Administrative Remedies. Before commencing legal action to recover benefits, or to enforce or clarify rights, you must completely exhaust the plan's claim procedures.

Administrative Safeguards. The plan uses the claim procedures outlined herein and the review by the Committee as administrative processes and safeguards to ensure that the plan's provisions are correctly and consistently applied.

Definition of Relevant. A document, record, or other information is "relevant" to a claim for benefits if it was relied upon in making the claim determination or was submitted, considered or generated in the course of the claim determination process, even it if was not relied upon in making the claim determination. A document, record, or other information is also "relevant" if it demonstrates compliance with the plan's administrative processes and safeguards relating to consistent application of the plan's terms.

Termination and Amendment of the Plan

The Plan Sponsor (Otter Tail Corporation) intends to maintain this plan indefinitely in the future. Subject to its collective bargaining obligations, however, the Plan Sponsor has reserved the right to amend all provisions of the plan and to terminate the plan at any time and for any reason. If the Plan Sponsor amends or terminates the plan, you will be notified.

If the plan is amended, the benefits you have previously earned will not be reduced by the amendment but you may not earn additional benefits. If the plan is terminated, you will not earn any additional benefits but the benefits you have earned will not be canceled. If you are not already vested in your Accrued Benefit under the plan, you will become fully vested if the plan is terminated.

If the plan is terminated and the plan assets are not sufficient to provide all Accrued Benefits, the assets will be distributed in an order required by federal law. That order is generally as follows. First, pensions for retirees and their beneficiaries will be provided. Second, pensions for employees eligible to retire who have not retired before the termination will be provided. Then, pensions for employees vested before the termination will be provided. Finally, pensions for employees vested because of the termination will be provided. If any assets remain after all Accrued Benefits have been paid, the assets will revert to the Plan Sponsor.

Providing Data and Information to the Committee

To ensure effective administration of the plan, you will need to furnish specific information and data, including proof of age, to the Committee. The Human Resources Department will assist you in determining the information needed and in completing necessary forms.

Top Heavy Provisions

There are certain provisions that become effective if the plan becomes "top heavy" as defined by federal tax laws. If that occurs and you are affected, you will be informed.

Benefit Limitations Required by Law

Federal law limits the amount of benefits that can be paid to a participant in any year. If you are impacted by this limitation, you will be notified. If you would like further information on this limit, please contact the Human Resources Department.

Tax Benefits

This plan is "tax-qualified" as a defined benefit pension plan under the Internal Revenue Code. As a result, distributions from the plan may be entitled to special tax treatment. You are encouraged to seek advice from a tax expert before making final decisions about your benefits upon retirement or termination.

Other Summary Plan Descriptions

This plan has three separate summary plan descriptions:

- The summary plan description for employees of Otter Tail Power Company, except the union employees of Coyote Station.
- The summary plan description for corporate employees of Otter Tail Corporation.
- The summary plan description for union employees of Coyote Station.

"PBGC" Insurance

Your pension benefits under the plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan; but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay. Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers. For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Your Rights Under the Employee Retirement Income Security Act

As a participant in the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits.

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents, governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

- Receive a copy of the plan's annual funding notice. The Plan Administrator is required by law to furnish each participant with a copy of this notice.

- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (generally age 65) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries. In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights. If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions. If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ER1SA by calling the publications hotline of the Employee Benefits Security Administration.

ABOUT THE PLAN

Plan Name and Year

The plan name is "Otter Tail Corporation Pension Plan." The Internal Revenue Service and the Department of Labor identify this plan by its name and by the number: 006. The plan year ends each December 31.

Plan Sponsor

The name, address and telephone number of the employer sponsoring the plan and its federal taxpayer identification number ("EIN") are:

Otter Tail Corporation
215 South Cascade Street
Fergus Falls, MN 56537
Telephone: (218) 739-8200
EIN: 27-0383995

Plan Administrator

The plan is administered by the Benefits Administration Committee of Otter Tail Corporation (the "Committee"). Communications addressed to the Benefits Administration Committee in its capacity as administrator of the plan should be addressed to:

Human Resources Department
Otter Tail Corporation
4334 18th Avenue SW, Suite 200
P.O. Box 9156
Fargo, ND 58106
Telephone: (701) 451-3582

Questions regarding a participant's benefits earned under the MDU Resources Group, Inc. Pension Plan should be directed to the Human Resources Department of MDU Resources Group, Inc.

Service of Legal Process

The General Counsel of Otter Tail Corporation is designated as agent for service of legal process against the plan. The address for service on the General Counsel of Otter Tail Corporation is:

General Counsel
Otter Tail Corporation
215 South Cascade Street
Fergus Falls, MN 56537

Also, service of legal process may be made upon the Committee as Plan Administrator or upon the Trustee.

Trustee

The amount of your retirement benefit does not depend on the amount in the trust fund. These benefits will be funded by contributions of the participating employers as determined by the plan's actuary to a trust fund held by the Trustee. You are not required or permitted to make any contributions. The plan's Trustee is:

SEI Private Trust Company
1 Freedom Valley Drive
Oakes, PA 19456

Collective Bargaining Agreement

The Pension Plan is maintained, in part, pursuant to a collective bargaining agreement. Copies of the collective bargaining agreement are available for examination in the Human Resources Department or your local union office.

FINAL NOTES

Your annual Employee Benefit Statement indicates the amount of your accrued benefits, your vesting status and a projection of your Social Security and Pension benefits. This statement is a useful tool for retirement planning purposes. The Pension and Social Security amounts shown on the statement reflect the amount that would be paid if you continued to work until retirement at age 62 and age 65, in current dollars (not adjusted for future wage changes or inflation). These amounts are especially useful if you are close to retirement. Of course, plan changes that occur before your retirement may have an impact on the final pension amount.

You should contact the Human Resources Department as soon as you have determined the date you wish to retire. They will develop an estimate of your Pension benefit and discuss with you, and your spouse, the various options available under the Pension Plan, as well as other retirement related issues.

The Pension Plan is the result of many years of research, innovation and Collective Bargaining agreements with union representatives. A great deal of time and money is spent ensuring legal compliance and monitoring the performance results of pension investments to ensure the plan is operated in the best interest of our employees. We encourage you to gain an understanding of the plan and become familiar with the benefits it provides. We believe that the plan, when combined with the opportunity to save through the Retirement Savings Plan, will go a long way toward helping you ensure a comfortable, enjoyable retirement for you and your family.