

OTTER TAIL CORP
Form 424B5
November 30, 2004

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
File No. 333-116206

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS SUPPLEMENT DATED NOVEMBER 24, 2004

(To Prospectus Dated August 30, 2004)

2,750,000 Shares

Common Shares

We are offering 2,750,000 common shares with this prospectus supplement and the accompanying prospectus.

Our common shares are listed on the NASDAQ National Market under the symbol "OTTR." The last reported sale price of our common shares on the NASDAQ National Market on November 23, 2004 was \$26.99 per share.

Investing in our common shares involves risk. See "Risk Factors" beginning on page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may also purchase from us up to an additional 412,500 common shares at the public offering price less the underwriting discounts and commissions, to cover over-allotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ and the total proceeds, before expenses, to us will be \$.

The underwriters are offering the common shares as described in "Underwriting." Delivery of the shares will be made on or about December , 2004.

Sole Book-Running Lead Manager

UBS Investment Bank

Robert W. Baird & Co.

A.G. Edwards

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Important notice about information in this prospectus supplement and the accompanying prospectus

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and

the documents we have incorporated by reference. We have not authorized anyone to provide you with different information. We are not making an offer of these common shares in any state where the offer or sale is not permitted. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus, as well as the information we have previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its date. For purposes of this prospectus supplement and the accompanying prospectus, references to "Otter Tail," "we," "us," "our" and "our company" are to Otter Tail Corporation and not to our consolidated subsidiaries, unless otherwise indicated or the context otherwise requires.

About this prospectus supplement

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using a "shelf" registration process. Under the shelf registration process, we may sell any combination of the securities described in the accompanying prospectus up to an aggregate amount of \$335 million of which this offering is a part, subject in certain cases to the receipt of regulatory approval. In this prospectus supplement, we provide you with specific information about the terms of this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common shares and other information you should know before investing in our common shares. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the heading "Where You Can Find More Information" on page 38 in the accompanying prospectus before investing in our common shares.

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Cautionary statement regarding forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein may contain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Otter Tail Corporation and its subsidiaries. Statements preceded by, followed by or that include words such as "may," "will," "expect," "anticipate," "continue," "estimate," "project," "believes" or similar expressions are intended to identify some of the forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. These forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among other factors, the risks and uncertainties described in this prospectus supplement, the accompanying prospectus, including under "Risk Factors," and the documents incorporated by reference herein. We undertake no obligation to update publicly or revise any forward-looking statements for any reason, whether as a result of new information, future events or otherwise.

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Prospectus supplement summary

This summary highlights information contained in this prospectus supplement and the accompanying prospectus. Because it is a summary, it does not contain all the information you should consider before investing in our common shares. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the "Risk Factors" section and the information incorporated by reference herein, before making an investment decision.

The Company

Otter Tail Corporation was established in 1907 as an electric utility, and began diversifying into non-electric businesses in 1989. Otter Tail Corporation and its subsidiaries conduct business in 48 states and six Canadian provinces and had approximately 2,730 employees at December 31, 2003. Our businesses are classified into five segments: Electric, Plastics, Manufacturing, Health Services and Other Business Operations.

Electric Utility Operations

Electric includes the production, transmission, distribution and sale of electric energy in Minnesota, North Dakota and South Dakota under the name Otter Tail Power Company. Electric utility operations have been our primary business since incorporation.

Non-Electric Operations

Plastics consists of businesses producing polyvinyl chloride and polyethylene pipe in the Upper Midwest and Southwest regions of the United States.

Manufacturing consists of businesses in the following manufacturing activities: production of waterfront equipment, wind towers, frame-straightening equipment and accessories for the auto body shop industry, material and handling trays and horticultural containers; fabrication of steel products; contract machining; and metal parts stamping and fabrication. These businesses are located primarily in the Upper Midwest, Missouri and Utah.

Health Services consists of businesses involved in the sale of diagnostic medical equipment, patient monitoring equipment and related supplies and accessories. These businesses also provide service maintenance, mobile diagnostic imaging, mobile positron emission tomography and nuclear medicine imaging, portable X-ray imaging and rental of diagnostic medical imaging equipment to various medical institutions located throughout the United States.

Other Business Operations consists of businesses in residential, commercial and industrial electric contracting industries, fiber optic and electric distribution systems, waste-water, water and HVAC systems construction, transportation, telecommunications, energy services and natural gas marketing as well as the portion of corporate general and administrative expenses that are not allocated to other segments. These businesses operate primarily in the Central United States, except for our transportation company which operates in 48 states and 6 Canadian provinces. In addition, in August 2004 we acquired Idaho Pacific Holdings, Inc., a processor of dehydrated potatoes in North America serving customers in the industrial, food service, baking and export markets.

Our electric operations, including wholesale power sales, are operated as a division of Otter Tail Corporation, and our energy services and natural gas marketing operations are operated as a subsidiary of Otter Tail Corporation. Substantially all of our other businesses are owned by our wholly owned subsidiary, Varistar Corporation.

Otter Tail Corporation was incorporated in 1907 under the laws of the State of Minnesota. Our executive offices are located at 215 South Cascade Street, Box 496, Fergus Falls, Minnesota 56538-0496 and 4334 18th Avenue SW, Suite 200, P.O. Box 9156, Fargo, North Dakota 58106-9156, and our telephone number is (866) 410-8780.

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Our Strategy

Our vision is to create value and growth through the acquisition, long-term ownership and decentralized operation of diverse businesses. Our strategy includes growing our core electric utility business which provides a strong base of revenues, earnings and cash flows. In addition, we look to our non-electric operating companies to provide growth both organically and through acquisition. Organic, internal growth comes from new products and services, market expansion and increased efficiencies. When reviewing potential acquisition candidates, we consider the following guidelines:

emerging or middle market company;

proven entrepreneurial management team that will remain after the acquisition;

preference for 100% ownership of the acquired company;

products and services intended for commercial rather than retail consumer use; and

the potential to provide immediate earnings and future growth.

We assess the performance of our operating companies over time, using criteria that include:

ability to provide returns on invested capital that exceed our weighted average cost of capital over the long term; and

assessment of an operating company's business and the potential for future earnings growth.

We are a long-term owner of our operating companies, having divested only two companies since we began investing in non-electric companies in 1989. However, we will divest operating companies if they do not meet the above criteria over the long term.

Competitive Strengths

We believe that our competitive strengths include the following:

We offer a current annual dividend yield of 4.1% on our common shares, based on a share price of \$26.99 as of November 23, 2004. Our 2004 stated dividend was \$1.10 per share, and dividends have been paid since 1938 with increases over the last 29 years.

We have a balanced income and growth strategy, with our strong and stable regulated electric operations providing cash flow to support dividends and our non-electric businesses providing growth potential.

Our integrated electric utility operations provide competitive, low-cost energy from coal-fired generation and operate in a constructive regulatory environment, with performance-based rate making in North Dakota.

Our non-electric operations provide a platform of companies intended to enhance potential earnings growth while mitigating volatility, and the recent acquisition of Idaho Pacific Holdings, Inc. provides a new platform for potential growth.

We maintain strong credit ratings with current senior unsecured debt ratings of A- (Standard & Poor's) and A2 (Moody's). Both of these ratings contain a negative outlook.

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Segment Information

The following table represents our mix of total operating revenues and operating income across our five business segments for the periods shown below:

	Years ended December 31,		Nine months ended September 30,			
	2001	2002	2003		2004	
	Amount	Percent	Amount	Percent	Amount	Percent
			(in thousands)		(unaudited)	
Operating revenue						

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Electric	\$ 232,720	40.2 %	\$ 244,005	37.8 %	\$ 267,494	35.5 %	\$ 201,298	36.4 %	\$ 195,944	30.6 %
Plastics	63,216									