

MDU Resources Foundation



We will be a responsible and valued corporate citizen. | 2010 Annual Report



What is the MDU Resources Foundation?

Incorporated in 1983, the MDU Resources Foundation is funded annually by contributions from member companies. Company contributions to the Foundation are determined by the profitability of our companies and, in all instances, those contributions are made only from stockholder funds. We are proud of our record of supporting qualified organizations that enhance the quality of life we enjoy. Since our incorporation, we have contributed more than \$19 million to worthwhile charities and organizations. While our strategic goals are to be “a provider of choice, an investment of choice and an employer of choice,” it is our philanthropic goal to be “a neighbor of choice.”

Foundation member companies

Montana-Dakota Utilities Co.
Great Plains Natural Gas Co.
Cascade Natural Gas Corporation
Intermountain Gas Co.
WBI Holdings, Inc.
Fidelity Exploration & Production Company
Williston Basin Interstate Pipeline Company
Bitter Creek Pipelines, LLC
Knife River Corporation
MDU Construction Services Group, Inc.

Board of Directors and Officers

Cynthia J. Norland | *President and Director*
Paul K. Sandness | *Vice President and Director*
Douglass A. Mahowald | *Treasurer and Director*
Steven L. Bietz | *Director*
David L. Goodin | *Director*
Craig A. Keller | *Director*
William E. Schneider | *Director*
Rita R. O’Neill | *Secretary*
Dustin J. Senger | *Assistant Treasurer*

Letter from the President

MDU Resources Group, Inc. and its member companies have long played a highly visible role as responsible corporate citizens in the communities where we have active business interests. We recognize the direct relationship between the economic, social and cultural vitality of those areas and our corporate growth and prosperity, and we welcome the opportunity to be good corporate citizens.

We are proud of our community participation and we will continue to expand that role as our companies continue to grow. One of the primary methods we utilize to fulfill our corporate citizenship and philanthropic responsibilities is the MDU Resources Foundation. Our member companies' objectives for Foundation grants include to be responsible and valued corporate citizens contributing to the well-being of people and communities in states where we have customers or active business interests and to support organizations that complement our employees' charitable and volunteer activities.

The MDU Resources Foundation was in its 27th year of corporate philanthropy in 2010. We are proud of our record of supporting qualified organizations that enhance the quality of life in our communities. We believe our efforts have had, and will continue to have, a positive impact.

The MDU Resources Foundation is one of the many ways we demonstrate we are a responsible and valued corporate citizen.



Cynthia Norland

Cynthia J. Norland
President and Director
MDU Resources Foundation

Recognizing Outstanding Performance

The MDU Resources Foundation funds programs to recognize outstanding personal involvement and service by employees in their respective communities. The recipients of these awards are allowed to direct cash contributions to qualified charities of their choice.

Under the Environmental Integrity Award umbrella, Deidre Radford received the award for environmental stewardship. Deidra sells solar power systems to residential customers for Bombard Electric in Las Vegas. After she leaves work every day in her hybrid car, Deidre pulls into the garage of her solar-powered home. Her personal investment in the resource makes Deidre the ideal person to tout the value of solar power. She does so even in her free time, as president of Solar NV, the southern Nevada chapter of the American Solar Energy Society. Deidre is chapter president and strives to educate Nevadans on how solar energy works and how it can be beneficial for them.

Tisha McElroy and Danny Powell from Fidelity Exploration & Production, and Charlene Murdock from MDU Resources Group, Inc. received the award for reclamation and habitat enhancement. The three worked on a project to improve native habitat on 1,300 acres of land Fidelity owns in Wyoming. The improvements directly benefitted sage grouse that have an active breeding ground on the property. Tisha, Charlene and

Danny secured \$130,000 in funding for the project, which has included monitoring the grouse, managing non-native vegetation and forming a new grazing plan that will keep livestock off the property while the grouse are nesting or rearing their broods. This project at Fidelity's Seven Brothers Ranch demonstrates the company's commitment to find solutions where development and habitat can coexist.

Both award winners received a plaque and \$1,500 to be designated to a charity of their choice.

Anna Preston was the recipient of the Community Spirit Award. For the last ten years, Anna and her family have purchased and delivered Christmas gifts and food baskets to underprivileged families in Denver. Anna and her husband play Santa and Ms. Claus and Anna makes candy bags to hand out to children. She continually collects clothes and other items that, once a month, are made available to any church member who needs them.

Anna received a plaque, \$2,500, and \$500 to be designated to a charity of her choice.

Thank you and congratulations for being responsible and valued corporate citizens. Your contributions to our communities are outstanding!



Anna Preston receives the Community Spirit Award from MDU Resources Group President and Chief Executive Officer Terry Hildestad at the 2010 MDU Resources Leadership Conference.

Areas of Corporate Philanthropy

The MDU Resources Foundation will consider grant requests in the following categories:

1. Health and Human Services – Recognizing the critical role of quality and accessible health care and human services, the MDU Resources Foundation supports national and local health and human services agencies, hospitals, youth agencies and senior citizen organizations.

2. Education – Given the importance of education in building strong individuals, families and communities, the MDU Resources Foundation supports higher education institutions, education development foundations, economic education programs and scholarships.

3. Civic and Community Activities – Strengthening communities, improving lives. These are the goals of the MDU Resources Foundation as it funds programs that create opportunities and meet the needs of communities across the country.

4. Culture and Arts – The MDU Resources Foundation has had a longstanding interest in culture and the arts and seeks to promote positive youth development through culture and the arts by funding art funds and councils, museums, theaters, libraries and cultural centers.

5. Environment – The MDU Resources Foundation funds organizations that promote the wise use of resources without compromising the ability of future generations to meet their own needs.

Scholarships

Post-secondary education is a high priority for the Foundation, and we maintain two separate scholarship programs. One program is exclusively for the use of dependents and spouses of eligible employees.

The other program consists of scholarships established at numerous institutions of higher education. Information on these scholarships is available only at the financial aid office of the respective institutions.

In all instances, our sole responsibility is funding the scholarships. No company personnel are involved in determining the recipients of these scholarships.

Employee Matching Gifts Program For Volunteerism

To encourage our employees to participate in volunteer activities, which in turn enhance the quality of life in the communities we serve, a program has been established to match volunteer time with a cash contribution from the Foundation. In 2010, 54 employees participated in the program. Organizations received \$13,500 as a result of employees' volunteer efforts.

Employee Matching Gifts Program for Education

The MDU Resources Foundation matches employees' personal contributions to educational institutions with a contribution equal to 50 percent of their contributions between \$100 and \$1,000. In 2010, 29 employees contributed over \$19,700 to qualified education institutions and the MDU Resources Foundation matched more than \$9,500 of the employees' contributions. Since the program began, educational institutions throughout the United States have received \$383,954.



Northern Plains Dance is a non-profit performing arts organization in Bismarck, N.D. which MDU Resources Foundation has provided grants to for several years.

Eligibility for Grant Consideration

The MDU Resources Foundation will contribute only to institutions, organizations and programs recognized by the Internal Revenue Service as qualified recipients of Foundation contributions. Generally, contributions are restricted to organizations qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Primary consideration is given to charitable institutions, organizations and programs within the geographic areas where member companies conduct business. Generally, no consideration will be given to private individuals, athletic, labor, fraternal, political, lobbying, or to regional or national organizations without local affiliation. Requests seeking endowment funds will receive low priority, and the Foundation will not consider concurrent contributions to a single grant recipient.

Economic development requests are not focal points of the Foundation. Requests for loans, venture capital, and participation in loan pools will not be considered by the Foundation and should be directed to the appropriate operating company. All other requests that do not fit within the guidelines of the Foundation shall be the responsibility of the member companies.

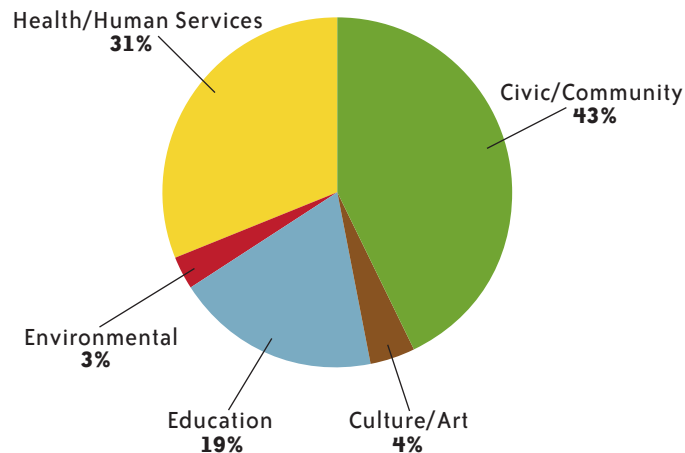
Generally, requests for contributions of \$500 and above will be considered by the Foundation, while requests for contributions of a local nature and less than \$500 should be considered by the individual companies. Contributions to state, regional or national organizations, specific employee recognition and matching grant programs, existing scholarship programs, most United Way contributions, and contributions within the context of our headquarters city policy, will be the primary responsibility of the Foundation.

All grants are subject to annual review, and the Foundation reserves the right to defer, alter, suspend or cancel a contribution at any time.

Grant Information

2010 Actual

Program Area	# of Grants	Amount
Civic/Community	205	\$ 846,272
Culture/Art	27	\$ 78,200
Education	130	\$ 386,858
Environmental	20	\$ 66,600
Health/Human Services	132	\$ 609,060
	<u>514</u>	<u>\$ 1,986,990</u>



2011 Budget

Program Area	# of Grants	Amount
Civic/Community	144	\$ 749,050
Culture/Art	29	\$ 106,000
Education	72	\$ 354,350
Environmental	7	\$ 21,000
Health/Human Services	140	\$ 531,750
Other		\$ 216,200
	<u>392</u>	<u>\$ 1,978,350</u>

Grant Application Process

To obtain grant application materials and view the current MDU Resources Foundation annual report, log on to www.mdu.com/corporateresponsibility/foundation or contact your local company office.

To be considered for a grant, all requests must be in writing and include the following information:

- A.** A completed grant request form including the name and address of organization or charity.
- B.** Name, address and telephone number of contact person.
- C.** A copy of an Internal Revenue Service (IRS) determination letter indicating tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC); or, evidence of eligibility under Section 170(c)(1) of the IRC. Organizations described in Section 170(c)(1) of the IRC are the United States, a possession of the United States, any state, the District of Columbia or any political subdivision thereof. A political subdivision would include a county, a city, a school district, and a park district. Contributions are allowable if they are used exclusively for public purposes.

D. Purpose or use of requested grant.

E. Other requested information, including a list of officers and board of directors, budget for organization or project, program or project brochures, and proof of IRS filing of Form 990 for the prior three years.

Completed grant requests should be submitted to the local company office unless directed otherwise. In order to be considered for funding, all grant requests must be submitted no later than October 1 of the year prior to the year for which funding is being sought.

The Foundation operates on a calendar-year budget, and the Board of Directors meets in January of each year to approve the annual budget and to conduct other business.

For further information, contact MDU Resources Foundation Manager, Rita O'Neill at Rita.O'Neill@MDUResources.com or (701) 530-1087.



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