

Response No. PSC-029  
Attachment B

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Attachment B

<b>A Check if:</b> <input type="checkbox"/> 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> Personal holding co. (attach Sch. PH) <input type="checkbox"/> Personal service corp. (see instructions) <input checked="" type="checkbox"/> 4 Schedule M-3 attached	Use IRS label. Otherwise, print or type.	Name <b>MDU RESOURCES GROUP, INC.</b> Number, street, and room or suite no. If a P.O. box, see instructions. <b>P O BOX 5650</b> City or town, state, and ZIP code <b>BISMARCK, ND 58506-5650</b>	B Employer identification number <b>41-0423660</b> C Date incorporated <b>03/14/1924</b> D Total assets (see instructions) <b>\$ 3,285,907,696.</b>
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E Check if:	(1) Initial return	(2) Final return	(3) Name change	(4) Address change
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	1a Gross receipts or sales	499,502,284.	b Loss returns and allowances			c Bal ▶		1c	499,502,284.
Income	2	Cost of goods sold (Schedule A, line 8)						2	379,772,710.
	3	Gross profit. Subtract line 2 from line 1c						3	119,729,574.
	4	Dividends (Schedule C, line 19)						4	127,410,019.
	5	Interest						5	2,236,812.
	6	Gross rents						6	4,328.
	7	Gross royalties						7	
	8	Capital gain net income (attach Schedule D (Form 1120))						8	-10,708.
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)						9	-1,948,357.
	10	Other income (see instructions - attach schedule)						10	-12,858.
	11	<b>Total income.</b> Add lines 3 through 10						11	247,408,810.

Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)						12	7,700,756.
	13	Salaries and wages (less employment credits)						13	
	14	Repairs and maintenance						14	17,712,185.
	15	Bad debts						15	1,095,029.
	16	Rents						16	
	17	Taxes and licenses						17	15,259,710.
	18	Interest						18	21,224,603.
	19	Charitable contributions						19	287,272.
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)						20	65,177,974.
	21	Depletion						21	
	22	Advertising						22	
23	Pension, profit-sharing, etc., plans						23	1,348,745.	
24	Employee benefit programs						24		
25	Domestic production activities deduction (attach Form 8903)						25	10,167.	
26	Other deductions (attach schedule)						26	-19,318,847.	
27	<b>Total deductions.</b> Add lines 12 through 26						27	110,497,594.	
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11						28	136,911,216.	
29	Less: a Net operating loss deduction (see instructions)	29a							
	b Special deductions (Schedule C, line 20)	29b	127,567,215.					29c	127,567,215.

Tax, Refundable Credits, and Payments	30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)						30	9,344,001.
	31	<b>Total tax</b> (Schedule J, line 10)						31	NONE
	32a	2008 overpayment credited to 2009	32a						
	b	2009 estimated tax payments	32b	-6,592,000.					
	c	2009 refund applied for on Form 4466	32c						
	d	<b>Tax deposited with Form 7004</b>	32d	-6,592,000.					
	e	Tax deposited with Form 7004	32e	5,030,000.					
	f	Credits: (1) Form 2439 (2) Form 4136	32f						
g	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g					32h	-1,562,000.	
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached						33		
34	<b>Amount owed.</b> If line 32h is smaller than the total of lines 31 and 33, enter amount owed						34		
35	<b>Overpayment.</b> If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						35		
36	Enter amount from line 35 you want: <b>Credited to 2010 estimated tax</b> ▶ <b>Refunded</b> ▶						36		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here ▶ \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

Signature of officer \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Preparer's Use Only</b>	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶		EIN	
			Phone no.	

**Schedule A Cost of Goods Sold (see instructions)**

1	Inventory at beginning of year	1	
2	Purchases	2	
	Cost of labor	3	
	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	379,772,710.
6	Total. Add lines 1 through 5	6	379,772,710.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	379,772,710.

9 a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes,"

attach explanation

**Schedule C Dividends and Special Deductions (see instructions)**

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	76,019.	70	53,213.
2		80	
3		42	
4		48	
5		70	
6		80	
7		100	
8			53,213.
9		100	
10	127,334,000.	100	127,334,000.
11		100	
12			
13			
14			
15			
16			
17			
18			180,002.
19	127,410,019.		
20			127,567,215.

**Schedule E Compensation of Officers (see instructions for page 1, line 12)**

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 AVAILABLE UPON REQUEST		%	%	%	7,700,756.
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					7,700,756.
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					7,700,756.

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))		
2	Income tax. Check if a qualified personal service corporation (see instructions)		2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
5b	Credit from Form 8834, line 29	5b	
5c	General business credit (attach Form 3800)	5c	
5d	Credit for prior year minimum tax (attach Form 8827)	5d	
5e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

NONE

**Schedule K Other Information** (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ <u>221100</u>		
b	Business activity ▶ <u>ELECTRIC/GAS PUBLIC</u>		
c	Product or service ▶ <u>ELECTRICITY &amp; NATURA</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? . . . . . If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G) . . . . .		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G) . . . . .		X
5	At the end of the tax year, did the corporation:	Yes	No
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

Schedule K Continued

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).

X

Table with 4 columns: (i) Name of Entity, (ii) Employer Identification Number (if any), (iii) Country of Organization, (iv) Maximum Percentage Owned in Profit, Loss, or Capital.

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

X

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?

X

8 (i) Percentage owned and (ii) Owner's country (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached. 9 Check this box if the corporation issued publicly offered debt instruments with original issue discount. 10 Enter the amount of tax-exempt interest received or accrued during the tax year. 11 Enter the number of shareholders at the end of the tax year (if 100 or fewer). 12 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. 13 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) 14 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?

X

Schedule	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
	<b>Assets</b>				
	Cash		2,666,419.		30,104,569.
2	Trade notes and accounts receivable	115,752,188.		65,231,319.	
	Less allowance for bad debts	(285,810.)	115,466,378.	(233,778.)	64,997,541.
3	Inventories		24,576,025.		33,002,897.
4	U.S. government obligations				
5	Tax-exempt securities (see Instructions)				
6	Other current assets (attach schedule)		80,374,437.		45,881,163.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)		2,513,196,439.		2,282,033,410.
10a	Buildings and other depreciable assets	1,179,602,613.		1,277,200,814.	
	b Less accumulated depreciation	(540,457,098.)	639,145,515.	(559,792,294.)	717,408,520.
11a	Depletable assets				
	b Less accumulated depletion	( )		( )	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	4,812,244.		4,812,244.	
	b Less accumulated amortization	( )	4,812,244.	( )	4,812,244.
14	Other assets (attach schedule)		114,890,892.		107,667,352.
15	<b>Total assets</b>		<b>3,495,128,349.</b>		<b>3,285,907,696.</b>
	<b>Liabilities and Shareholders' Equity</b>				
16	Accounts payable		41,918,570.		38,363,431.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)		130,105,808.		149,721,490.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		316,207,030.		281,102,591.
21	Other liabilities (attach schedule)		245,821,283.		245,073,090.
	Capital stock: a Preferred stock	15,000,000.		15,000,000.	
	b Common stock	184,208,283.	199,208,283.	188,389,265.	203,389,265.
23	Additional paid-in capital		938,298,786.		1,015,677,833.
24	Retained earnings-Appropriated (attach schedule)				
25	Retained earnings - Unappropriated		1,616,829,091.		1,377,038,634.
26	Adjustments to shareholders' equity (attach schedule)		10,365,311.		-20,832,825.
27	Less cost of treasury stock		(3,625,813.)		(3,625,813.)
28	<b>Total liabilities and shareholders' equity</b>		<b>3,495,128,349.</b>		<b>3,285,907,696.</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see Instructions

1	Net income (loss) per books		7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				
6	Add lines 1 through 5		9	Add lines 7 and 8	
			10	Income (page 1, line 28) - line 6 less line 9	

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year	1,616,829,091.	5	Distributions: a Cash	116,132,278.
2	Net income (loss) per books	-123,274,095.		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	384,084.
4	Add lines 1, 2, and 3	1,493,554,996.	7	Add lines 5 and 6	116,516,362.
			8	Balance at end of year (line 4 less line 7)	1,377,038,634.

Name of corporation (common parent, if consolidated return) <b>MDU RESOURCES GROUP, INC.</b>				Employer identification number <b>41-0423660</b>	
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group	(2) <input type="checkbox"/> Parent corp	(3) <input type="checkbox"/> Consolidated eliminations	(4) <input checked="" type="checkbox"/> Subsidiary corp	(5) <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations				Employer identification number	
Name of subsidiary (if consolidated return)					

**Part II** Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations . . . . .				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up . . . . .				
5 Gross foreign distributions previously taxed . . . . .				
6 Income (loss) from equity method U.S. corporations . . . . .				
7 U.S. dividends not eliminated in tax consolidation . . . . .	75,912.	107.		76,019.
8 Minority interest for includible corporations . . . . .				
9 Income (loss) from U.S. partnerships . . . . .		-19,529.		-19,529.
10 Income (loss) from foreign partnerships . . . . .				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details) . . . . .				
13 Interest income (attach Form 8916-A) . . . . .	2,235,715.	1,097.		2,236,812.
14 Total accrual to cash adjustment . . . . .				
15 Hedging transactions . . . . .				
16 Mark-to-market income (loss) . . . . .				
17 Cost of goods sold (attach Form 8916-A) . . . . .	( 380,103,696.)	330,986.		( 379,772,710.)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments . . . . .				
20 Unearned/deferred revenue . . . . .				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest . . . . .				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .	727,434.	-727,434.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities		-10,708.		-10,708.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .		-1,948,357.		-1,948,357.
e Abandonment losses . . . . .				
f Worthless stock losses (attach details) . . . . .				
g Other gain/loss on disposition of assets other than inventory . . . . .				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule) . . . . .	-152,727,276.	-3,314,826.	274,503,711.	118,461,609.
26 Total income (loss) items. Combine lines 1 through 25 . . . . .	-529,791,911.	-5,688,664.	274,503,711.	-260,976,864.
27 Total expense/deduction items (from Part III, line 36) . . . . .	-67,154,041.	-12,271,715.	3,641,979.	-75,783,777.
28 Other items with no differences . . . . .	473,671,857.			473,671,857.
29a Mixed groups, see instructions. All others, combine lines 28 through 28 . . . . .	-123,274,095.	-17,960,379.	278,145,690.	136,911,216.
PC Insurance subgroup reconciliation totals				
Life Insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c . . . . .	-123,274,095.	-17,960,379.	278,145,690.	136,911,216.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) <b>MDU RESOURCES GROUP, INC.</b>				Employer identification number <b>41-0423660</b>	
Check applicable box(es): (1) <input type="checkbox"/>	Consolidated group (2) <input type="checkbox"/>	Parent corp (3) <input type="checkbox"/>	Consolidated eliminations (4) <input checked="" type="checkbox"/>	Subsidiary corp (5) <input type="checkbox"/>	Mixed 1120/L/PC group <input type="checkbox"/>
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations				Employer identification number	
Name of subsidiary (if consolidated return)					

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)**

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .	2,041,885.		-2,041,885.	
2 U.S. deferred income tax expense . . . . .	5,134,730.		-5,134,730.	
3 State and local current income tax expense . . . . .	1,038,687.		-166,991.	871,696.
4 State and local deferred income tax expense . . . . .	1,118,629.		-1,118,629.	
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Interest expense (attach Form 8916-A) . . . . .	20,964,619.	259,984.		21,224,603.
9 Stock option expense . . . . .				
10 Other equity-based compensation . . . . .		8,695.	514,431.	523,126.
11 Meals and entertainment . . . . .	235,398.		-117,699.	117,699.
12 Fines and penalties . . . . .	3,609.		-3,609.	
13 Judgments, damages, awards, and similar costs . . . . .				
14 Parachute payments . . . . .				
15 Compensation with section 162(m) limitation . . . . .				
16 Pension and profit-sharing . . . . .		1,348,745.		1,348,745.
17 Other post-retirement benefits . . . . .				
Deferred compensation . . . . .		-68,784.		-68,784.
19 Charitable contribution of cash and tangible property . . . . .	287,272.			287,272.
20 Charitable contribution of intangible property . . . . .				
21 Charitable contribution limitation/carryforward . . . . .				
22 Domestic production activities deduction . . . . .			10,167.	10,167.
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs . . . . .				
26 Amortization/impairment of goodwill . . . . .				
27 Amortization of acquisition, reorganization, and start-up costs . . . . .				
28 Other amortization or impairment write-offs . . . . .	2,455,881.	-2,455,881.		
29 Section 198 environmental remediation costs . . . . .				
30 Depletion . . . . .				
31 Depreciation . . . . .	32,762,935.	32,415,039.		65,177,974.
32 Bad debt expense . . . . .	1,042,999.	52,030.		1,095,029.
33 Corporate owned life insurance premiums . . . . .				
34 Purchase versus lease (for purchasers and/or lessees) . . . . .				
35 Other expense/deduction items with differences (attach schedule) . . . . .	67,397.	-19,288,113.	4,416,966.	-14,803,750.
36 Total expense/deduction items. Combine lines 1 through 35. Enter here and on Part III, line 27, reporting positive amounts as negative and negative amounts as positive . . . . .	67,154,041.	12,271,715.	-3,641,979.	75,783,777.

**Alternative Minimum Tax - Corporations**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.  
▶ Attach to the corporation's tax return.

**2009**

Name <b>MDU RESOURCES GROUP, INC.</b>	Employer identification number <b>41-0423660</b>
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**Part I Alternative Minimum Tax Computation**

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1 Taxable income or (loss) before net operating loss deduction . . . . .	1	9,344,001.
<b>2 Adjustments and preferences:</b>		
a Depreciation of post-1986 property . . . . .	2a	3,801,879.
b Amortization of certified pollution control facilities . . . . .	2b	
c Amortization of mining exploration and development costs . . . . .	2c	
d Amortization of circulation expenditures (personal holding companies only) . . . . .	2d	
e Adjusted gain or loss . . . . .	2e	-167,009.
f Long-term contracts . . . . .	2f	
g Merchant marine capital construction funds . . . . .	2g	
h Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) . . . . .	2h	
i Tax shelter farm activities (personal service corporations only) . . . . .	2i	
j Passive activities (closely held corporations and personal service corporations only) . . . . .	2j	
k Loss limitations . . . . .	2k	
l Depletion . . . . .	2l	
m Tax-exempt interest income from specified private activity bonds . . . . .	2m	
n Intangible drilling costs . . . . .	2n	
o Other adjustments and preferences . . . . .	2o	NONE
3 Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o . . . . .	3	12,978,871.
<b>4 Adjusted current earnings (ACE) adjustment:</b>		
a ACE from line 10 of the ACE worksheet in the instructions . . . . .	4a	13,212,086.
b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions) . . . . .	4b	233,215.
c Multiply line 4b by 75% (.75). Enter the result as a positive amount . . . . .	4c	174,911.
d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) . . . . .	4d	7,390,667.
e ACE adjustment.	<ul style="list-style-type: none"> <li>• If line 4b is zero or more, enter the amount from line 4c</li> <li>• If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount</li> </ul>	} . . . . .
5 Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT. . . . .	5	13,153,782.
6 Alternative tax net operating loss deduction (see instructions) . . . . .	6	
7 Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions . . . . .	7	13,153,782.
<b>8 Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):</b>		
a Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- . . . . .	8a	
b Multiply line 8a by 25% (.25) . . . . .	8b	
c Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- . . . . .	8c	NONE
9 Subtract line 8c from line 7. If zero or less, enter -0- . . . . .	9	13,153,782.
10 If the corporation had qualified timber gain, complete Part II and enter the amount from line 24 here. Otherwise, multiply line 9 by 20% (.20) . . . . .	10	2,630,756.
11 Alternative minimum tax foreign tax credit (AMTFTC) (see instructions) . . . . .	11	
12 Tentative minimum tax. Subtract line 11 from line 10. . . . .	12	2,630,756.
13 Regular tax liability before applying all credits except the foreign tax credit . . . . .	13	
14 Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return . . . . .	14	

**Credit for Federal Tax Paid on Fuels**

Department of the Treasury  
Internal Revenue Service (99)

▶ See the separate instructions.

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)  
J RESOURCES GROUP, INC.

Taxpayer identification number  
41-0423660

**Caution.** Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

**1 Nontaxable Use of Gasoline**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use	\$.183	3903	\$ 714.	362
b	Use on a farm for farming purposes	.183			
c	Other nontaxable use (see Caution above line 1)	.183			
d	Exported	.184			411

**2 Nontaxable Use of Aviation Gasoline**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)	\$.15/.000*		\$	354
b	Other nontaxable use (see Caution above line 1)	.193/.043*			324
c	Exported	.194/.044*			412
d	LUST tax on aviation fuels used in foreign trade	.001			433

\*This rate applies after December 31, 2009.

**Nontaxable Use of Undyed Diesel Fuel**

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	.243	75610	\$ 18,373.	360
b	Use on a farm for farming purposes	.243			
c	Use in trains	.243			
d	Use in certain intercity and local buses (see Caution above line 1)	.17			350
e	Exported	.244			413

**4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)**

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at \$.244	\$.243		\$	346
b	Use on a farm for farming purposes	.243			
c	Use in certain intercity and local buses (see Caution above line 1)	.17			347
d	Exported	.244			414
e	Nontaxable use taxed at \$.044	.043			377
f	Nontaxable use taxed at \$.219	.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

Form 4136 (2009)

**5 Kerosene Used in Aviation (see Caution above line 1)**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219/.044*	.175/.000*			355
c	Non-taxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Non-taxable use (other than use by state or local government) taxed at \$.219/.044*	.218/.043*			369
e	LUST tax on aviation fuels used in foreign trade	.001			433

\*This rate applies after December 31, 2009.

**6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel**

Registration No. ►

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here. . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	\$.243		\$	360
b Use in certain intercity and local buses	.17			350

**7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation)**

Registration No. ►

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here. . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	\$.243	}	\$	346
b Sales from a blocked pump	.243			
c Use in certain intercity and local buses	.17			

**8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation**

Registration No. ►

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at \$.219/.044*	\$.175/.000*		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244	.200			417
c	Nonexempt use in noncommercial aviation	.025/.200*			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219/.044*	.218/.043*			369
f	LUST tax on aviation fuels used in foreign trade	.001			433

\*This rate applies after December 31, 2009.

**9 Alcohol Fuel Mixture Credit**

Registration No. ►

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Alcohol fuel mixtures containing ethanol	\$ .45		\$	393
b Alcohol fuel mixtures containing alcohol (other than ethanol)	.60			394

**10 Biodiesel or Renewable Diesel Mixture Credit**

Registration No. ►

**Biodiesel mixtures.** Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	\$1.00/.000*		\$	388
b Agri-biodiesel mixtures	\$1.00/.000*			390
c Renewable diesel mixtures	\$1.00/.000*			307

\*This rate applies after December 31, 2009.

**11 Nontaxable Use of Alternative Fuel**

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5). See page 5 in the Instructions for Form 4136 for the credit rate.

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		\$ .183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

**12 Alternative Fuel Credit and Alternative Fuel Mixture Credit**

Registration No. ►

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	\$ .50/000*		\$	426
b "P Series" fuels	.50/.000*			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50/.000*	2091	1,046.	428
d Liquefied hydrogen	.50			429
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50/.000*			430
f Liquid fuel derived from biomass	.50/.000*			431
g Liquefied natural gas (LNG)	.50/.000*			432
h Liquefied gas derived from biomass	.50/.000*			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50/.000*			437

\*This rate applies after December 31, 2009.

Form 4136 (2009)

**13 Registered Credit Card Issuers**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	\$ .243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219/.044*	.219/.043*			369

\*This rate applies after December 31, 2009.

**14 Nontaxable Use of a Diesel-Water Fuel Emulsion**

Caution. There is a reduced credit rate for use in certain Intercity and local buses (type of use 5). See page 6 in the Instructions for Form 4136 for the credit rate.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		\$ .197		\$	309
b Exported		.198			306

**15 Diesel-Water Fuel Emulsion Blending**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$ .046		\$	310

**16 Exported Dyed Fuels and Exported Gasoline Blendstocks**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001	\$ .001		\$	415
b Exported dyed kerosene	.001			416

<b>17 Total income tax credit claimed.</b> Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70 (also check box b on line 70); Form 1120, line 32f(2); Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ►	<b>17</b>	\$	20,133.	
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**SCHEDULE D  
(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

**2009**

Name  
**DU RESOURCES GROUP, INC.**

Employer identification number  
**41-0423660**

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term gain or (loss) from like-kind exchanges from Form 8824				3
4	Unused capital loss carryover (attach computation)				4 ( )
5	Net short-term capital gain or (loss). Combine lines 1 through 4				5

**Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year**

6					
7	Enter gain from Form 4797, line 7 or 9				7
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8
9	Long-term gain or (loss) from like-kind exchanges from Form 8824				9
10	Capital gain distributions (see instructions)				10 -10,708.
11	Net long-term capital gain or (loss). Combine lines 6 through 10				11 -10,708.

**Part III Summary of Parts I and II**

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)				12
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)				13
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns. If the corporation has qualified timber gain, also complete Part IV				14 NONE

Note. If losses exceed gains, see Capital losses in the instructions.

**Part IV Alternative Tax for Corporations with Qualified Timber Gains. Complete Part IV only if the corporation has qualified timber gain under section 1201(b). Skip this part if you are filing Form 1120-RIC. See instructions.**

15	Enter qualified timber gain (as defined in section 1201(b)(2))				15
16	Enter taxable income from Form 1120, page 1, line 30, or the applicable line of your tax return				16
17	Enter the smallest of: (a) the amount on line 15; (b) the amount on line 16; or (c) the amount on Part III, line 13				17
18	Multiply line 17 by 15%				18
19	Subtract line 13 from line 16. If zero or less, enter -0-				19
20	Enter the tax on line 19, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed				20
21	Add lines 17 and 19				21
22	Subtract line 21 from line 16. If zero or less, enter -0-				22
23	Multiply line 22 by 35%				23
24	Add lines 18, 20, and 23				24
25	Enter the tax on line 16, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed				25
26	Enter the smaller of line 24 or line 25. Also enter this amount on Form 1120, Schedule J, line 2, or the applicable line of your tax return				26

For Paperwork Reduction Act Notice, see the instructions for Form 1120.

Schedule D (Form 1120) (2009)

**General Business Credit**

▶ See separate instructions.  
 ▶ Attach to your tax return.

Name(s) shown on return  
**DU RESOURCES GROUP, INC.**

Identifying number  
**41-0423660**

**Part I Current Year Credit**

**Important:** You may not be required to complete and file a separate credit form (shown in parentheses below) to claim the credit. For details, see the instructions.

1a	Investment credit (Form 3468, Part II only) (attach Form 3468)	1a
b	Welfare-to-work credit (only from partnerships, S corporations, estates, and trusts)	1b
c	Credit for increasing research activities (Form 6765). (Individuals: see instructions)	1c
d	Low-income housing credit (Form 8586, Part I only) (enter EIN if claiming this credit from a pass-through entity: _____)	1d
e	Disabled access credit (Form 8826) (do not enter more than \$5,000)	1e
f	Renewable electricity production credit (Form 8835)	1f
g	Indian employment credit (Form 8845)	1g
h	Orphan drug credit (Form 8820)	1h
i	New markets credit (Form 8874) (enter EIN if claiming this credit from a pass-through entity: _____)	1i
j	Credit for small employer pension plan startup costs (Form 8881) (do not enter more than \$500)	1j
k	Credit for employer-provided child care facilities and services (Form 8882) (enter EIN if claiming this credit from a pass-through entity: _____)	1k
l	Biodiesel and renewable diesel fuels credit (attach Form 8864)	1l
m	Low sulfur diesel fuel production credit (Form 8896)	1m
n	Distilled spirits credit (Form 8906)	1n
o	Nonconventional source fuel credit (Form 8907)	1o
p	Energy efficient home credit (Form 8908)	1p
q	Energy efficient appliance credit (Form 8909)	1q
r	Alternative motor vehicle credit (Form 8910) (enter EIN if claiming this credit from a pass-through entity: _____)	1r
s	Alternative fuel vehicle refueling property credit (Form 8911)	1s
t	Credits for affected Midwestern disaster area employers (Form 5884-A)	1t
u	Mine rescue team training credit (Form 8923)	1u
v	Agricultural chemicals security credit (Form 8931)	1v
w	Credit for employer differential wage payments (Form 8932)	1w
x	Carbon dioxide sequestration credit (Form 8933)	1x
y	Qualified plug-in electric drive motor vehicle credit (Form 8936)	1y
z	Qualified plug-in electric vehicle credit (Form 8834, Part I only)	1z
aa	Credit for contributions to selected community development corporations (only from partnerships and S corporations)	1aa
bb	General credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1bb
2	Add lines 1a through 1bb	2
3	Passive activity credits included on line 2 (see instructions)	3
4	Subtract line 3 from line 2	4
5	Passive activity credits allowed for 2009 (see instructions)	5
6	Carryforward of general business credit to 2009. See instructions for the schedule to attach	6
7	Carryback of general business credit from 2010 (see instructions)	7
8	<b>Current year credit. Add lines 4 through 7.</b>	8

Paperwork Reduction Act Notice, see separate instructions.

**Part II** Allowable Credit

<p><b>9</b> Regular tax before credits:</p> <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 1040, line 44 or Form 1040NR, line 41 . . . . .</li> <li>• Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of your return . . . . .</li> <li>• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .</li> </ul>		9
<p><b>10</b> Alternative minimum tax:</p> <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 36 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 14 . . . . .</li> <li>• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56 . . . . .</li> </ul>		10
<p><b>11</b> Add lines 9 and 10. . . . .</p>		11
<p><b>12a</b> Foreign tax credit . . . . .</p>	12a	
<p><b>b</b> Credits from Form 1040, lines 48 through 52 (or Form 1040NR, lines 45 through 48); Form 8859, line 11; Form 8834, lines 22 and 29; Form 8910, line 21; Form 8911, line 23; Form 8936, line 14; and Schedule R, line 24 . . . . .</p>	12b	
<p><b>c</b> Add lines 12a and 12b . . . . .</p>		12c
<p><b>13</b> Net income tax. Subtract line 12c from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18a</p>		13
<p><b>14</b> Net regular tax. Subtract line 12c from line 9. If zero or less, enter -0-</p>	14	
<p><b>15</b> Enter 25% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions) . . . . .</p>	15	
<p><b>16</b> Tentative minimum tax:</p> <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 34 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 12 . . . . .</li> <li>• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54 . . . . .</li> </ul>	16	
<p><b>17</b> Enter the greater of line 15 or line 16 . . . . .</p>		17
<p><b>18a</b> Subtract line 17 from line 13. If zero or less, enter -0- . . . . .</p>		18a
<p><b>b</b> For a corporation electing to accelerate the research credit, enter the bonus depreciation amount attributable to the research credit. (see instructions) . . . . .</p>		18b
<p><b>c</b> Add lines 18a and 18b . . . . .</p>		18c
<p><b>19a</b> Enter the <b>smaller</b> of line 8 or line 18c . . . . .  <b>C corporations:</b> See the line 19a instructions if there has been an ownership change, acquisition, or reorganization.</p>		19a
<p><b>b</b> Enter the smaller of line 8 or line 18a. If you made an entry on line 18b, go to line 19c; otherwise, skip line 19c (see instructions) . . . . .</p>		19b
<p><b>c</b> Subtract line 19b from line 19a. This is the refundable amount for a corporation electing to accelerate the research credit. Include this amount on line 32g of Form 1120 (or the applicable line of your return) . . . . .</p>		19c

**Part III Allowable Credit (Continued)**

Note. If you are not filing Form 8844, skip lines 20 through 24 and enter -0- on line 25.

19	Multiply line 16 by 75% . . . . .		20	
21	Enter the greater of line 15 or line 20 . . . . .		21	
22	Subtract line 21 from line 13. If zero or less, enter -0- . . . . .		22	
23	Subtract line 19b from line 22. If zero or less, enter -0- . . . . .		23	
24	Enter the amount from Form 8844, line 10 or line 12 . . . . .		24	
25	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 23 or line 24. . . . .		25	
26	Subtract line 15 from line 13. If zero or less, enter -0- . . . . .		26	
27	Add lines 19b and 25 . . . . .		27	
28	Subtract line 27 from line 26. If zero or less, enter -0- . . . . .		28	
29a	Enter the investment credit from Form 3468, Part III, line 19 (attach Form 3468) . . . . .	29a		
b	Enter the work opportunity credit from Form 5884, line 10 or line 12 . . . . .	29b		
c	Enter the alcohol and cellulosic biofuel fuels credit from Form 6478, line 14 or line 16. . . . .	29c		
d	Enter the low-income housing credit from Form 8586, Part II, line 18 or line 20. . . . .	29d		
e	Enter the applicable part of the amount of the renewable electricity, refined coal, and Indian coal production credit from Form 8835, Part II, line 36 or line 38. . . . .	29e	1,421,501.	
f	Enter the credit for employer social security and Medicare taxes paid on certain employee tips from Form 8846, line 12. . . . .	29f		
g	Enter the qualified railroad track maintenance credit from Form 8900, line 12 . . . . .	29g		
30	Add lines 29a through 29g . . . . .		30	
31	Enter the smaller of line 28 or line 30 . . . . .		31	
32	<b>Credit allowed for the current year.</b> Add lines 27 and 31. Report the amount from line 32 (if smaller than the sum of lines 8, 24, and 30, see instructions) as indicated below or on the applicable line of your return: <ul style="list-style-type: none"> <li>• Individuals. Form 1040, line 53 or Form 1040NR, line 49. . . . .</li> <li>• Corporations. Form 1120, Schedule J, line 5c . . . . .</li> <li>• Estates and trusts. Form 1041, Schedule G, line 2c . . . . .</li> </ul>		32	

**Depreciation and Amortization**  
(Including Information on Listed Property)

**2009**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment  
Sequence No. **67**

Identifying number

**41-0423660**

Name(s) shown on return

**DU RESOURCES GROUP, INC.**

Business or activity to which this form relates

**General Depreciation and Amortization**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1
2	Total cost of section 179 property placed in service (see instructions)	2
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5
6	(a) Description of property	(b) Cost (business use only)
		(c) Elected cost
7	Listed property. Enter the amount from line 29	7
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8
9	Tentative deduction. Enter the smaller of line 5 or line 8	9
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	29,932,451.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,260,657.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	30,799,519.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2009 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		9,060,791.	5.000	HY	200 DB	1,812,158.
c 7-year property		1,727,067.	7.000	HY	200 DB	246,798.
d 10-year property						
e 15-year property		13,591,082.	15.000	HY	150 DB	679,554.
f 20-year property		4,877,491.	20.000	HY	150 DB	182,906.
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
I Nonresidential real property		2,369,927.	39 yrs.	MM	S/L	27,483.
				MM	S/L	

**Section C - Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	236,448.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	65,177,974.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

17

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

Do you have evidence to support the business/investment use claimed?  Yes  No 24b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25	150,989.
26 Property used more than 50% in a qualified business use:									
LISTED PROP.		100 %	4,117,027.	4,117,027.	5.0	200 DB-HY	70,540.		
LISTED PROP.		100 %	339,041.	339,041.	5.0	200 DB-MQ	14,919.		
27 Property used 50% or less in a qualified business use:									
		%				S/L -			
		%				S/L -			
		%				S/L -			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	236,448.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29	

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No										
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

**Sales of Business Property**  
 (Also Involuntary Conversions and Recapture Amounts  
 Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

**2009**

Attachment  
 Sequence No. 27

Name(s) shown on return: **MDU RESOURCES GROUP, INC.** Identifying number: **41-0423660**

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . . **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)**

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
							<b>-961,871.</b>

3 Gain, if any, from Form 4684, line 43 . . . . . **3**

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . . **4**

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . . **5**

6 Gain, if any, from line 32, from other than casualty or theft . . . . . **6**

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . . **7** **-961,871.**

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . . **8**

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . . **9**

**Part II Ordinary Gains and Losses (see instructions)**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

						<b>-1,128,994.</b>
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11 Loss, if any, from line 7 . . . . . **11** **( 961,871.)**

12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . . **12**

13 Gain, if any, from line 31 . . . . . **13** **142,508.**

14 Net gain or (loss) from Form 4684, lines 35 and 42a . . . . . **14**

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . **15**

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . . **16**

17 Combine lines 10 through 16 . . . . . **17** **-1,948,357.**

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . . **18a**

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14. . . . . **18b**

For Paperwork Reduction Act Notice, see separate instructions.

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A PART III PROPERTY	VARIOUS	VARIOUS
a PART III PROPERTY	VARIOUS	VARIOUS
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 691,939.	71,665.		
21	Cost or other basis plus expense of sale . . . . .	21 5,789,652.	253,449.		
22	Depreciation (or depletion) allowed or allowable . . . . .	22 5,175,350.	246,655.		
23	Adjusted basis. Subtract line 22 from line 21 . . . . .	23 614,302.	6,794.		
24	Total gain. Subtract line 23 from line 20 . . . . .	24 77,637.	64,871.		
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22 . . . . .	25a 5,175,350.	246,655.		
b	Enter the smaller of line 24 or 25a . . . . .	25b 77,637.	64,871.		
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions) . . . . .	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) . . . . .	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c			
d	Additional depreciation after 1969 and before 1976 . . . . .	26d			
e	Enter the smaller of line 26c or 26d . . . . .	26e			
f	Section 291 amount (corporations only) . . . . .	26f			
g	Add lines 26b, 26e, and 26f . . . . .	26g			
	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses . . . . .	27a			
b	Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b			
c	Enter the smaller of line 24 or 27b . . . . .	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions) . . . . .	28a			
b	Enter the smaller of line 24 or 28a . . . . .	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a			
b	Enter the smaller of line 24 or 29a (see instructions) . . . . .	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30 142,508.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31 142,508.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 37. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years . . . . .	33
34	Recomputed depreciation (see instructions) . . . . .	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35

Like-Kind Exchanges (and section 1043 conflict-of-interest sales)

Attach to your tax return.

Name(s) shown on tax return

Identifying number

MDU RESOURCES GROUP, INC.

41-0423660

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

1 Description of like-kind property given up:

EQUIPMENT

2 Description of like-kind property received:

EQUIPMENT

Table with 2 columns: Description and Date. Rows 3-6 contain dates for acquisition, transfer, and receipt.

7 Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III. [ ] Yes [X] No

Part II Related Party Exchange Information

Table with 3 columns: Name of related party, Relationship to you, Related party's identifying number. Includes address field.

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of any part of the like-kind property received from you (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (such as through an intermediary), that became your replacement property? [ ] Yes [ ] No

10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received? [ ] Yes [ ] No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is not the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 unless one of the exceptions on line 11 applies.

11 If one of the exceptions below applies to the disposition, check the applicable box:

- a [ ] The disposition was after the death of either of the related parties.
b [ ] The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
c [ ] You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as one of its principal purposes.

Name(s) shown on tax return. Do not enter name and social security number if shown on other side.

Your social security number

MDU RESOURCES GROUP, INC.

41-0423660

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.

Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherwise, go to line 15.

Table with 25 rows for Part III. Columns include line number, description, and numerical values. Values include 2,186,148 and 1,760,272.

Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales

Note: This part is to be used only by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government (including certain spouses, minor or dependent children, and trustees as described in section 1043) for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property is more than the basis of the divested property.

Table with 18 rows for Part IV. Columns include line number, description, and numerical values. Includes sections for divested property, replacement property, and sales details.

**Renewable Electricity, Refined Coal,  
and Indian Coal Production Credit**

▶ Attach to your tax return.

Name(s) shown on return <b>DU RESOURCES GROUP, INC.</b>	Identifying number <b>41-0423660</b>
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**Part I Electricity Produced at Qualified Facilities Placed in Service Prior to October 23, 2004**

1 Kilowatt-hours produced and sold (see instructions) . . . . . x 0.021	1	
2 Phaseout adjustment (see instructions) . . . . . \$ . . . . . x . . . . .	2	
3 Credit before reduction. Subtract line 2 from line 1 . . . . .	3	
<b>Reduction for government grants, subsidized financing, and other credits:</b>		
4 Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions) . . . . .	4	
5 Total of additions to the capital account for the project for this and all prior tax years . . . . .	5	
6 Divide line 4 by line 5. Show as a decimal carried to at least 4 places . . . . .	6	
7 Multiply line 3 by line 6 . . . . .	7	
8 Subtract line 7 from line 3 . . . . .	8	
9 Part I renewable electricity production credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .	9	
10 Add lines 8 and 9. Cooperatives, estates, and trusts, go to line 11; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1f . . . . .	10	
11 Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .	11	
12 Cooperatives, estates, and trusts. Subtract line 11 from line 10. Report this amount on Form 3800, line 1f . . . . .	12	

**Part II Electricity and Refined Coal Produced at Qualified Facilities Placed in Service After October 22, 2004 (After October 2, 2008, for Electricity Produced From Marine and Hydrokinetic Renewables), and Indian Coal Produced at Facilities Placed in Service After August 8, 2005**

<b>Electricity produced at qualified facilities using wind, closed-loop biomass, geothermal, and solar</b>		
13 Kilowatt-hours produced and sold (see instructions) . . . . . 67690500 x 0.021	13	1,421,501.
<b>Electricity produced at qualified facilities from open-loop biomass, small irrigation power, landfill gas, trash, hydropower, and electricity produced from marine and hydrokinetic renewables</b>		
14 Kilowatt-hours produced and sold (see instructions) . . . . . x 0.011	14	
15 Add lines 13 and 14 . . . . .	15	1,421,501.
16 Phaseout adjustment (see instructions) . . . . . \$ . . . . . x . . . . .	16	
17 Subtract line 16 from line 15 . . . . .	17	1,421,501.
<b>Refined coal produced at a qualified refined coal production facility</b>		
18 Tons produced and sold (see instructions) . . . . . x \$6.20	18	
19 Phaseout adjustment (see instructions) . . . . . \$ . . . . . x . . . . .	19	
20 Subtract line 19 from line 18 . . . . .	20	
<b>Steel industry fuel produced at a qualified refined coal production facility</b>		
21 Barrel-of-oil equivalents produced and sold (see instructions) . . . . . x \$2.00	21	
<b>Indian coal produced at a qualified Indian coal production facility</b>		
22 Tons produced and sold (see instructions) . . . . . x \$1.625	22	
23 Credit before reduction. Add lines 17, 20, 21, and 22 . . . . .	23	1,421,501.
<b>Reduction for government grants, subsidized financing, and other credits:</b>		
24 Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions) . . . . .	24	
25 Total of additions to the capital account for the project for this and all prior tax years . . . . .	25	
26 Divide line 24 by line 25. Show as a decimal carried to at least 4 places . . . . .	26	
27 Multiply line 23 by the smaller of 1/2 or line 26 . . . . .	27	
28 Subtract line 27 from line 23 . . . . .	28	1,421,501.
29 Part II renewable electricity, refined coal, and Indian coal production credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .	29	
30 Add lines 28 and 29. Partnerships and S corporations, report this amount on Schedule K; all others continue to line 31 . . . . .	30	1,421,501.
31 Renewable electricity, refined coal, and Indian coal production credit included on line 30 from passive activities (see instructions) . . . . .	31	
32 Subtract line 31 from line 30 . . . . .	32	1,421,501.

For Paperwork Reduction Act Notice, see instructions.

33	Renewable electricity, refined coal, and Indian coal production credit allowed for 2009 from a passive activity (see instructions)	33	
34	Carryforward of renewable electricity, refined coal, and Indian coal production credit to 2009	34	
	Carryback of renewable electricity, refined coal, and Indian coal production credit from 2010 (see instructions)	35	
36	Add lines 32 through 35. Cooperatives, estates, and trusts, go to line 37; All others: For electricity or refined coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for Indian coal produced before 2010 or during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f	36	1,421,501.
37	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	37	
38	Cooperatives, estates, and trusts. Subtract line 37 from line 36. For electricity or refined coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for Indian coal produced before 2010 or during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f.	38	

**General Instructions**

Section references are to the Internal Revenue Code.

**Purpose of Form**

Use Form 8835 to claim the renewable electricity, refined coal, and Indian coal production credit. The credit is allowed only for the sale of electricity, refined coal, or Indian coal produced in the United States or U.S. possessions from qualified energy resources at a qualified facility (see *Definitions* below).

Generally, if you are a taxpayer that is not a partnership or S corporation, and your only source of this credit is from a partnership, S corporation, estate, trust, or cooperative, you are not required to complete Part 1 of this form. Instead, you can report this credit directly on line 1f of Form 3800. The following exceptions apply.

- You are an estate or trust and the source credit can be allocated to beneficiaries. For more details, see the Instructions for Form 1041, Schedule K-1, box 13.
- You are a cooperative and the source credit can or must be allocated to patrons. For more details, see the Instructions for Form 1120-C, Schedule J, line 5c.

**Election To Treat a Qualified Facility as Energy Property**

Section 48(a)(5) provides an irrevocable election to treat qualified property (described in section 48(a)(5)(D)) that is part of a qualified investment credit facility (described in section 48(a)(5)(C)) as energy property eligible for the investment credit (reported on Form 3468, Investment Credit) in lieu of a production credit reportable on this form. This election applies to a facility placed in service after 12/31/08, and before 1/1/14, (before 1/1/13 for a wind facility). See Notice 2009-52 and Form 3468, for information on making the election. Notice 2009-52 is available at [www.irs.gov/irb/2009-25\\_IRB/ar09.html](http://www.irs.gov/irb/2009-25_IRB/ar09.html).

**Coordination with Department of Treasury Grants**

grant is paid under the American Recovery and Reinvestment Act of 2009 (the Act), section 1603, for placing into service specified energy property (described in Act section 1603(d)), no production credit under

section 45, or investment credit under section 48, is allowed for the property for the current tax year or any subsequent tax year. See section 48(d) for more information.

**How To Figure the Credit**

Generally, the credit for electricity, refined coal, and Indian coal produced from qualified energy resources at a qualified facility during the credit period (see *Definitions* below) is:

- 1.5 cents per kilowatt-hour (kWh) for the sale of electricity produced by the taxpayer;
- 1/2 of 1.5 cents for open-loop biomass, small irrigation, landfill gas, trash, hydropower, and marine and hydrokinetic renewable facilities;
- \$4.375 per ton for the sale of refined coal produced, see section 45(e)(8)(A);
- \$2 per barrel-of-oil equivalent for the sale of steel industry fuel, see section 45(e)(8)(A); or
- \$1.50 per ton for the sale of Indian coal produced.

The credit for electricity produced is proportionately phased out over a 3-cent range when the reference price exceeds the 8-cent threshold price. The refined coal credit is proportionately phased out over an \$8.75 range when the reference price of fuel used as feedstock exceeds 1.7 times the 2002 reference price. The 1.5-cent credit rate, the 8-cent threshold price, the \$4.375 refined coal rate, the reference price of fuel used as a feedstock, the \$2 steel industry fuel rate, and the \$1.50 Indian coal rate are adjusted for inflation. The reference price and the inflation adjustment factor (IAF) for each calendar year are published during the year in the Federal Register. If the reference price is less than the threshold price (adjusted by the IAF), there is no reduction. For electricity produced, if the reference price is more than 3 cents over the adjusted threshold price, there is no credit; if the reference price is more than the threshold price, but not more than 3 cents over the adjusted threshold price, there is a phaseout adjustment on line 2 or line 16. For refined coal produced, if the reference price is more than \$8.75 over the adjusted threshold price, there is no credit; if the reference price is more than the threshold price, but not more than \$8.75 over the adjusted threshold price, there is a phaseout adjustment on line 19.

Note. For calendar year 2009, the effective credit rate for electricity, refined coal, and Indian coal produced and sold is, respectively, 2.1 cents per kWh, \$6.20 per ton, and \$1.625 per ton; there is no phaseout adjustment.

*Example.* If the reference price of electricity is 10.0¢ and the adjusted threshold price is 9.0¢, reduce the credit by 1/3 ((10.0¢ - 9.0¢) ÷ 3¢ = .3333). Enter the line 1 credit in the first entry space on line 2, .3333 in the second entry space, and multiply to figure the reduction.

**Definitions**

**Resources** means wind, closed-loop biomass, poultry waste, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, hydropower production, marine and hydrokinetic renewables, refined coal, and Indian coal.

**Closed-loop biomass** is any organic material from a plant that is planted exclusively for use at a qualified facility to produce electricity.

**Poultry waste** is poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.

**Open-loop biomass** is solid, nonhazardous, cellulosic waste material; lignin material; or agricultural livestock waste nutrients as defined in section 45(c)(3). See Notice 2008-60, 2008-30 I.R.B. 178, for rules related to open-loop biomass, including an expanded definition of a qualified facility and rules related to sales.

**Geothermal energy** is energy derived from a geothermal deposit as defined by section 613(e)(2).

**Small irrigation power** is power generated without any dam or impoundment of water. See section 45(c)(5).

**Municipal solid waste** is solid waste as defined under paragraph 27 of 42 U.S.C. 6903.

**Refined coal** is (1) a liquid, gaseous, or solid fuel produced from coal or high carbon

**Supplemental Attachment to Schedule M-3**

**2009**

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent  
**MDU RESOURCES GROUP, INC.**  
 Name of subsidiary

Employer identification number  
**41-0423660**  
 Employer identification number

**Part I Cost of Goods Sold**

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions . . . . .				
2 Amounts attributable to:				
a Stock option expense . . . . .				
b Other equity based compensation . . . . .				
c Meals and entertainment . . . . .				
d Parachute payments . . . . .				
e Compensation with section 162(m) limitation . . . . .				
f Pension and profit sharing . . . . .				
g Other post-retirement benefits . . . . .				
Deferred compensation . . . . .				
I Section 198 environmental remediation costs . . . . .				
j Amortization . . . . .				
k Depletion . . . . .				
l Depreciation . . . . .				
m Corporate owned life insurance premiums . . . . .				
n Other section 263A costs . . . . .		-330,986.		-330,986.
3 Inventory shrinkage accruals . . . . .				
4 Excess inventory and obsolescence reserves . . . . .				
5 Lower of cost or market write-downs . . . . .				
6 Other items with differences (attach schedule). . . . .				
7 Other items with no differences . . . . .	380,103,696.			380,103,696.
8 Total cost of goods sold. Add lines 1 through 7, in columns a, b, c, and d . . . . .	380,103,696.	-330,986.		379,772,710.

For Paperwork Reduction Act Notice, see page 4.

Form 8916-A (2009)

**Part II Interest Income**

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
	Tax-exempt Interest Income				
2	Interest Income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group				
5	Other interest income	2,235,715.	1,097.		2,236,812.
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	2,235,715.	1,097.		2,236,812.

**Part III Interest Expense**

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense	20,964,619.	259,984.		21,224,603.
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	20,964,619.	259,984.		21,224,603.

Form 1120, Page 1 Detail

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Line 10 - Other income

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Intercompany gain/loss	600,181.
Net merchandise income (loss)	1,394,691.
Ordinary income(loss) from jt ventures & ptrshps	-19,529.
Other income with differences	-9,472,572.
Other income	7,484,371.
	<hr/>
Total	-12,858.
	<hr/>

Form 1120, Page 1 Detail

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Line 17 - Taxes and licenses

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Miscellaneous taxes	10,950,505.
Payroll taxes	3,437,509.
State and local income taxes	871,696.
	<hr/>
Total	15,259,710.
	<hr/>

Form 1120, Page 1 Detail

## Line 19 - Current year contributions

Community programs	287,272.
Total	287,272.

## Line 26 - Other deductions

Travel, meals and entertainment	117,699.
Vacation expense	-386,611.
Kesop incentive compensation	523,126.
General operating expenses	-5,087,138.
Restricted stock bonus plan - dividends	-1,099,181.
Deferred compensation - net payment	-68,784.
Other deductions	13,097,045.
Contributions in aid of construction	-2,740,275.
Federal nonhighway use tax credit	-32,754.
Purchase Gas Adjustment	-23,307,815.
Rate Case	-334,159.
Total	-19,318,847.

Form 1120, Page 2 Detail

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Sch A, Line 5 - Other costs

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Power generation	112,186,022.
Gas purchased	267,917,674.
COGS	-330,986.
Total	<hr/> 379,772,710. <hr/>

## Form 1120, Page 5 Detail

Sch L, Line 6 -  
Other current assets

	Beginning	Ending
Exchange gas receivable	2,717,957.	6,784,742.
Accrued unbilled revenue	46,729,484.	35,878,909.
Other prepayments & current assets	30,926,996.	3,217,512.
<b>Total</b>	<b>80,374,437.</b>	<b>45,881,163.</b>

## Sch L, Line 9 - Other investments

Investment in subsidiaries	2,478,164,341.	2,240,332,380.
Other investments	35,032,098.	41,701,030.
<b>Total</b>	<b>2,513,196,439.</b>	<b>2,282,033,410.</b>

## Sch L, Line 14 - Other assets

Unamortized debt expense	11,182,230.	11,503,071.
Deferred income taxes		345,420.
Other deferred charges	103,708,662.	95,818,861.
<b>Total</b>	<b>114,890,892.</b>	<b>107,667,352.</b>

Sch L, Line 18 -  
Other current liabilities

Deferred income taxes	8,972,230.	
Accrued dividends	28,639,606.	29,748,760.
Accrued income taxes	-840,838.	14,609,961.
Other current liabilities	93,334,810.	105,362,769.
<b>Total</b>	<b>130,105,808.</b>	<b>149,721,490.</b>

## Sch L, Line 21 - Other liabilities

Deferred income taxes	46,839,215.	64,791,132.
Unamortized itc	361,334.	162,069.
Other deferred credits	195,929,320.	176,817,786.

Continued on next page

Form 1120, Page 5 Detail

Sch L, Line 21 - Other liabilities (Cont'd)	Beginning	Ending
Other noncurrent liabilities	2,691,414.	3,302,103.
Total	245,821,283.	245,073,090.
Sch L, Line 26 -		
Adjustments to shareholders' equity		
Accumulated other comprehensive inc	10,365,311.	-20,832,825.
Total	10,365,311.	-20,832,825.

Form 1120, Page 5 Detail

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Sch M-2, Line 6 - Other decreases

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Other decreases

384,084.

Total

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384,084.  

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Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
OTHER INCOME/LOSS ITEMS WITH DIFFERENCES		-3,915,007.	-5,557,565.	-9,472,572.
INCOME FROM SUBSIDIARIES	-152,727,276.		152,727,276.	
DIVIDEND INCOME			127,334,000.	127,334,000.
G/L ON INTERCO TRANS UNDER REG SEC 1.150		600,181.		600,181.
Total	-152,727,276.	-3,314,826.	274,503,711.	118,461,609.

## Schedule M-3, Part III Detail

## Line 35 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
LOBBYING	67,397.		-67,397.	
FEDERAL NONHIGHWAY USE TAX CREDIT			-32,754.	-32,754.
VACATION PAY		-386,611.		-386,611.
PURCHASE GAS ADJUSTMENT		-23,307,815.		-23,307,815.
RATE CASE		-334,159.		-334,159.
RESTRICTED STOCK BONUS PLAN EXPENSE		-307,399.	-791,782.	-1,099,181.
OTHER EXPENSES		5,047,871.	5,308,899.	10,356,770.
Total	67,397.	-19,288,113.	4,416,966.	-14,803,750.

Schedule D Detail

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Line 10 - Capital Gains Distributions

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Name of Payer	Amount
FROM SCHEDULE K-1	-10,708.
Total Capital Gains Distributions	-10,708.

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Form 4797, Page 1 Detail

Line 2 - Most Property Held More Than 1 Year

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART I PROPERTY	VARIOUS	VARIOUS	132,169.	876,461.	1,970,501.	-961,871.
Part I 4797 Gains and Losses						-961,871.

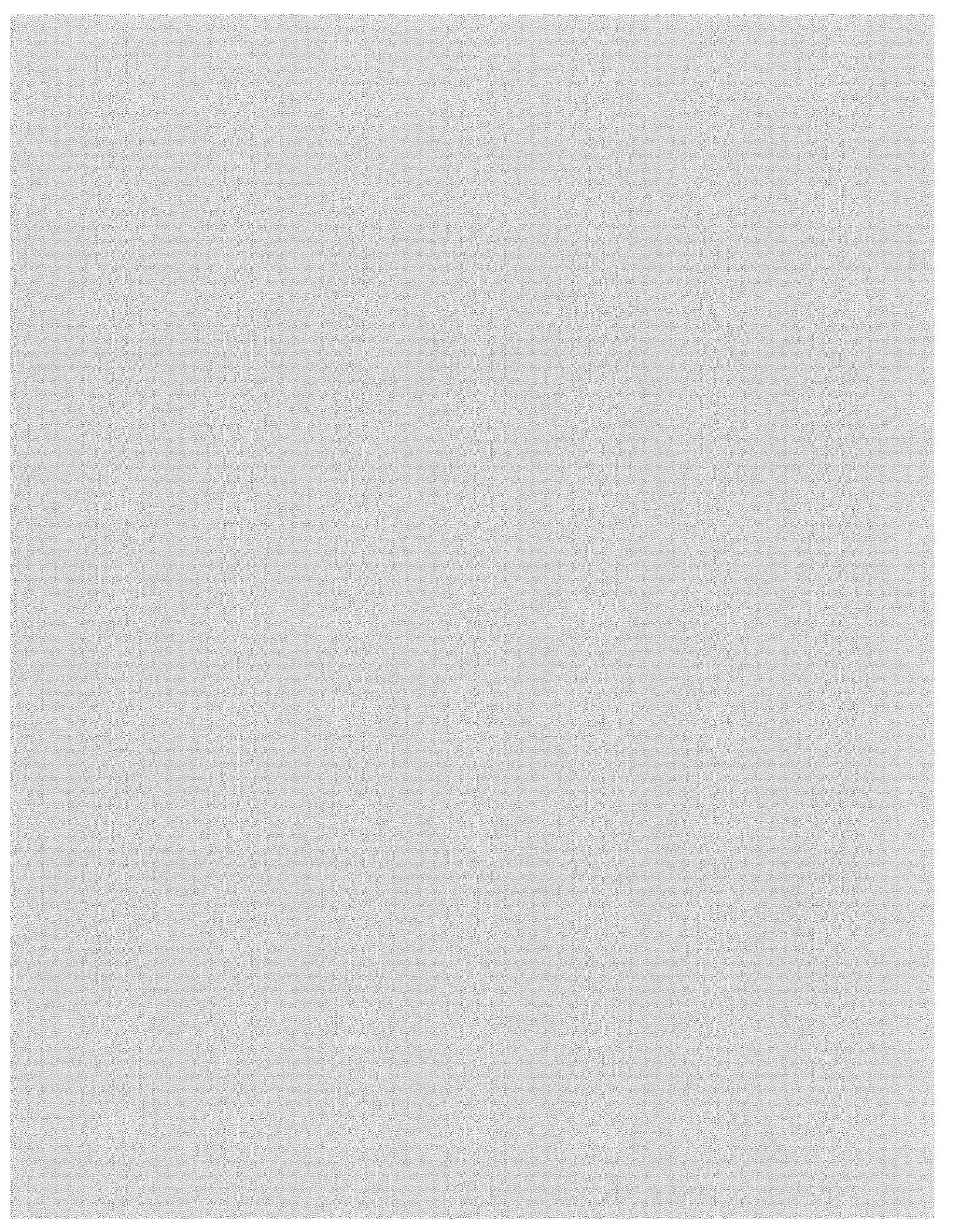
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Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART II PROPERTY	VARIOUS	VARIOUS	58.	2,094,960.	3,224,012.	-1,128,994.
Part II 4797 Ordinary Gains and Losses						<u>-1,128,994.</u>

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**U.S. Corporation Income Tax Return**  
For calendar year 2010 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_  
▶ See separate instructions.

**2010**

<b>A Check if:</b> <input type="checkbox"/> 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions)		Name <b>MDU RESOURCES GROUP, INC.</b>	B Employer identification number <b>41-0423660</b>
Print or type Number, street, and room or suite no. If a P.O. box, see instructions. <b>P O BOX 5650</b>		C Date incorporated <b>03/14/1924</b>	D Total assets (see instructions) <b>\$ 3,470,501,869.</b>
City or town, state, and ZIP code <b>BISMARCK, ND 58506-5650</b>			

4 Schedule M-3 attached  E Check if: (1) Initial return (2) Less returns and allowances (3) Final return (4) Name change (5) Address change

Income		Deductions (See instructions for limitations on deductions.)		Tax, Refundable Credits, and Payments	
1a	Gross receipts or sales	484,251,206.	b Less returns and allowances		c Bal ▶ 484,251,206.
2	Cost of goods sold (Schedule A, line 8)				2 344,325,449.
3	Gross profit. Subtract line 2 from line 1c				3 139,925,757.
4	Dividends (Schedule C, line 19)				4 104,173,318.
5	Interest				5 2,766,936.
6	Gross rents				6 3,163.
7	Gross royalties				7
8	Capital gain net income (attach Schedule D (Form 1120))				8 -754,515.
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				9 -129,958.
10	Other income (see instructions - attach schedule)				10 6,576,373.
11	<b>Total Income.</b> Add lines 3 through 10				11 252,561,074.
12	Compensation of officers (Schedule E, line 4)				12 11,074,540.
13	Salaries and wages (less employment credits)				13
14	Repairs and maintenance				14 20,460,586.
15	Bad debts				15 893,996.
16	Rents				16
17	Taxes and licenses				17 11,213,049.
18	Interest				18 24,703,093.
19	Charitable contributions				19 341,440.
20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)				20 150,654,300.
21	Depletion				21
22	Advertising				22
23	Pension, profit-sharing, etc., plans				23 3,128,268.
24	Employee benefit programs				24
25	Domestic production activities deduction (attach Form 8903)				25
26	Other deductions (attach schedule)				26 -884,119.
27	<b>Total deductions.</b> Add lines 12 through 26				27 221,585,153.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28 30,975,921.
29	Less: a Net operating loss deduction (see instructions)	29a			
	b Special deductions (Schedule C, line 20)	29b	104,343,625.		29c 104,343,625.
30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)				30 -73,367,704.
31	<b>Total tax</b> (Schedule J, line 10)				31 NONE
32a	2009 overpayment credited to 2010	32a	12,465,796.		
b	2010 estimated tax payments	32b	-30,791,000.		
c	2010 refund applied for on Form 4466	32c			
d	<b>d Bal ▶</b>	32d		-18,325,204.	
e	Tax deposited with Form 7004	32e		438,000.	
f	Credits: (1) Form 2439 (2) Form 4136	32f			
g	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g			32h -17,887,204.
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached				33
34	<b>Amount owed.</b> If line 32h is smaller than the total of lines 31 and 33, enter amount owed				34
35	<b>Overpayment.</b> If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				35
36	Enter amount from line 35 you want: Credited to 2011 estimated tax Refunded ▶				36

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

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**Schedule A Cost of Goods Sold (see instructions)**

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	344,325,449.
6	<b>Total.</b> Add lines 1 through 5	6	344,325,449.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	344,325,449.

9 a Check all methods used for valuing closing inventory:

(i)  Cost

(ii)  Lower of cost or market

(iii)  Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods . . . . .

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . .

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . . . **9 d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? . . . . .  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .  Yes  No

**Schedule C Dividends and Special Deductions (see instructions)**

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)	
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	32,318.	70	22,623.
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		See instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	<b>Total.</b> Add lines 1 through 8. See Instructions for limitation			22,623.
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members	104,141,000.	100	104,141,000.
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			180,002.
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4	104,173,318.		
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			104,343,625.

**Schedule E Compensation of Officers (see instructions for page 1, line 12)**

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	AVAILABLE UPON REQUEST		%	%	%	11,074,540.
			%	%	%	
			%	%	%	
			%	%	%	
2	<b>Total compensation of officers</b>					11,074,540.
3	<b>Compensation of officers claimed on Schedule A and elsewhere on return</b>					
4	<b>Subtract line 3 from line 2. Enter the result here and on page 1, line 12</b>					11,074,540.

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))		
2	Income tax. Check if a qualified personal service corporation (see instructions)		2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834, line 29	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10
			NONE

**Schedule K Other Information** (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 221100		
b	Business activity ▶ ELECTRIC/GAS PUBLIC		
c	Product or service ▶ ELECTRICITY & NATURA		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X
5	At the end of the tax year, did the corporation:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv).		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

Schedule K Continued

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).

Table with 4 columns: (i) Name of Entity, (ii) Employer Identification Number (if any), (iii) Country of Organization, (iv) Maximum Percentage Owned in Profit, Loss, or Capital.

- 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount.
9 Enter the amount of tax-exempt interest received or accrued during the tax year.
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer).
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here.
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.)
13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?

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Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash . . . . .		30,104,569.		6,276,213.
2a Trade notes and accounts receivable . . . . .	65,231,319.		67,498,794.	
b Less allowance for bad debts . . . . .	( 233,778.)	64,997,541.	( 231,003.)	67,267,791.
3 Inventories . . . . .		33,002,897.		34,583,001.
4 U.S. government obligations . . . . .				
5 Tax-exempt securities (see instructions) . . . . .				
6 Other current assets (attach schedule) . . . . .		45,881,163.		46,069,996.
7 Loans to shareholders . . . . .				
8 Mortgage and real estate loans . . . . .				
9 Other investments (attach schedule) . . . . .		2,282,033,410.		2,384,170,945.
10a Buildings and other depreciable assets . . . . .	1,277,200,814.		1,388,127,290.	
b Less accumulated depreciation . . . . .	( 559,792,294.)	717,408,520.	( 583,446,805.)	804,680,485.
11a Depletable assets . . . . .				
b Less accumulated depletion . . . . .	( )		( )	
12 Land (net of any amortization) . . . . .				
13a Intangible assets (amortizable only) . . . . .	4,812,244.		4,812,244.	
b Less accumulated amortization . . . . .	( )	4,812,244.	( )	4,812,244.
14 Other assets (attach schedule) . . . . .		107,667,352.		122,641,194.
15 <b>Total assets</b> . . . . .		<b>3,285,907,696.</b>		<b>3,470,501,869.</b>
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable . . . . .		38,363,431.		45,680,257.
17 Mortgages, notes, bonds payable in less than 1 year . . . . .				
18 Other current liabilities (attach schedule) . . . . .		149,721,490.		121,893,726.
19 Loans from shareholders . . . . .				
20 Mortgages, notes, bonds payable in 1 year or more . . . . .		281,102,591.		300,995,927.
21 Other liabilities (attach schedule) . . . . .		245,073,090.		309,130,239.
22 Capital stock: a Preferred stock . . . . .	15,000,000.		15,000,000.	
b Common stock . . . . .	188,389,265.	203,389,265.	188,901,379.	203,901,379.
23 Additional paid-in capital . . . . .		1,015,677,833.		1,026,348,563.
24 Retained earnings-Appropriated (attach schedule) . . . . .				
25 Retained earnings - Unappropriated . . . . .		1,377,038,634.		1,497,438,746.
26 Adjustments to shareholders' equity (attach schedule) . . . . .		-20,832,825.		-31,261,155.
27 Less cost of treasury stock . . . . .		( 3,625,813.)		( 3,625,813.)
28 <b>Total liabilities and shareholders' equity</b> . . . . .		<b>3,285,907,696.</b>		<b>3,470,501,869.</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books . . . . .		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____
2 Federal income tax per books . . . . .		
3 Excess of capital losses over capital gains . . . . .		
4 Income subject to tax not recorded on books this year (itemize): _____		8 Deductions on this return not charged against book income this year (itemize): a Depreciation . . . . . \$ _____ b Charitable contributions . . . . . \$ _____
5 Expenses recorded on books this year not deducted on this return (itemize): a Depreciation . . . . . \$ _____ b Charitable contributions . . . . . \$ _____ c Travel and entertainment . . . . . \$ _____		9 Add lines 7 and 8 . . . . .
6 Add lines 1 through 5 . . . . .		10 Income (page 1, line 28) - line 6 less line 9

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1 Balance at beginning of year . . . . .	1,377,038,634.	5 Distributions: a Cash . . . . .	120,181,030.
2 Net income (loss) per books . . . . .	240,659,282.	b Stock . . . . .	
3 Other increases (itemize): _____		c Property . . . . .	
		6 Other decreases (itemize): _____	78,140.
		7 Add lines 5 and 6 . . . . .	120,259,170.
4 Add lines 1, 2, and 3 . . . . .	1,617,697,916.	8 Balance at end of year (line 4 less line 7)	1,497,438,746.

Name MDU RESOURCES GROUP, INC. Employer identification number 41-0423660

*Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).*

<b>1</b>	Taxable income or (loss) before net operating loss deduction . . . . .	<b>1</b>	-73,367,704.
<b>2</b>	<b>Adjustments and preferences:</b>		
<b>a</b>	Depreciation of post-1986 property . . . . .	<b>2a</b>	1,699,439.
<b>b</b>	Amortization of certified pollution control facilities . . . . .	<b>2b</b>	
<b>c</b>	Amortization of mining exploration and development costs . . . . .	<b>2c</b>	
<b>d</b>	Amortization of circulation expenditures (personal holding companies only) . . . . .	<b>2d</b>	
<b>e</b>	Adjusted gain or loss . . . . .	<b>2e</b>	-120,489.
<b>f</b>	Long-term contracts . . . . .	<b>2f</b>	
<b>g</b>	Merchant marine capital construction funds . . . . .	<b>2g</b>	
<b>h</b>	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) . . . . .	<b>2h</b>	
<b>i</b>	Tax shelter farm activities (personal service corporations only) . . . . .	<b>2i</b>	
<b>j</b>	Passive activities (closely held corporations and personal service corporations only) . . . . .	<b>2j</b>	
<b>k</b>	Loss limitations . . . . .	<b>2k</b>	
<b>l</b>	Depletion . . . . .	<b>2l</b>	
<b>m</b>	Tax-exempt interest income from specified private activity bonds . . . . .	<b>2m</b>	
<b>n</b>	Intangible drilling costs . . . . .	<b>2n</b>	
<b>o</b>	Other adjustments and preferences . . . . .	<b>2o</b>	NONE
<b>3</b>	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o . . . . .	<b>3</b>	-71,788,754.
<b>4</b>	<b>Adjusted current earnings (ACE) adjustment:</b>		
<b>a</b>	ACE from line 10 of the ACE worksheet in the instructions . . . . .	<b>4a</b>	-71,586,129.
<b>b</b>	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions) . . . . .	<b>4b</b>	202,625.
<b>c</b>	Multiply line 4b by 75% (.75). Enter the result as a positive amount . . . . .	<b>4c</b>	151,969.
<b>d</b>	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). <b>Note: You must enter an amount on line 4d (even if line 4b is positive).</b> . . . . .	<b>4d</b>	7,565,578.
<b>e</b>	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount } . . . . .	<b>4e</b>	151,969.
<b>5</b>	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT. . . . .	<b>5</b>	-71,636,785.
<b>6</b>	Alternative tax net operating loss deduction (see instructions) . . . . .	<b>6</b>	
<b>7</b>	<b>Alternative minimum taxable income.</b> Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions . . . . .	<b>7</b>	-71,636,785.
<b>8</b>	<b>Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
<b>a</b>	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-. . . . .	<b>8a</b>	NONE
<b>b</b>	Multiply line 8a by 25% (.25) . . . . .	<b>8b</b>	NONE
<b>c</b>	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- . . . . .	<b>8c</b>	40,000.
<b>9</b>	Subtract line 8c from line 7. If zero or less, enter -0- . . . . .	<b>9</b>	NONE
<b>10</b>	Multiply line 9 by 20% (.20) . . . . .	<b>10</b>	NONE
<b>11</b>	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions) . . . . .	<b>11</b>	
<b>12</b>	Tentative minimum tax. Subtract line 11 from line 10. . . . .	<b>12</b>	NONE
<b>13</b>	Regular tax liability before applying all credits except the foreign tax credit . . . . .	<b>13</b>	
<b>14</b>	<b>Alternative minimum tax.</b> Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return . . . . .	<b>14</b>	

For Paperwork Reduction Act Notice, see the instructions.

**Credit for Federal Tax Paid on Fuels**

Department of the Treasury  
Internal Revenue Service (99)

▶ See the separate instructions.

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

Taxpayer identification number

MDU RESOURCES GROUP, INC.

41-0423660

**Caution.** Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

**1 Nontaxable Use of Gasoline**

Note. CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Off-highway business use		\$ .183	4675	\$ 856.	362
b Use on a farm for farming purposes		.183			
c Other nontaxable use (see Caution above line 1)		.183			
d Exported		.184			411

**2 Nontaxable Use of Aviation Gasoline**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use in commercial aviation (other than foreign trade)		\$ .15*		\$	354
b Other nontaxable use (see Caution above line 1)		.193*			324
c Exported		.194*			412
d LUST tax on aviation fuels used in foreign trade		.001			433

\*See instructions for possible rate changes.

**3 Nontaxable Use of Undyed Diesel Fuel**

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use	02	\$ .243	98077	\$ 23,833.	360
b Use on a farm for farming purposes		.243			
c Use in trains		.243			
d Use in certain intercity and local buses (see Caution above line 1)		.17			350
e Exported		.244			413

**4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)**

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use taxed at \$.244		\$ .243		\$	346
b Use on a farm for farming purposes		.243			
c Use in certain intercity and local buses (see Caution above line 1)		.17			
d Exported		.244			414
e Nontaxable use taxed at \$.044		.043			377
f Nontaxable use taxed at \$.219		.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

Form **4136** (2010)

**5 Kerosene Used in Aviation** (see Caution above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219*	.175*			355
c	Nontaxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Nontaxable use (other than use by state or local government) taxed at \$.219*	.218*			369
e	LUST tax on aviation fuels used in foreign trade	.001			433

\*See instructions for possible rate changes.

**6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel**

Registration No. ►

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

**Exception.** If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243	\$	360
b	Use in certain intercity and local buses	.17		350

**7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation)**

Registration No. ►

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

**Exception.** If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243		
b	Sales from a blocked pump	.243	\$	346
c	Use in certain intercity and local buses	.17		347

**8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation**

Registration No. ►

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at \$.219*	\$.175*		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244	.200			417
c	Nonexempt use in noncommercial aviation	.025*			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219*	.218*			369
f	LUST tax on aviation fuels used in foreign trade	.001			433

\*See instructions for possible rate changes.

**9 Alcohol Fuel Mixture Credit**

Registration No. ►

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Alcohol fuel mixtures containing ethanol	\$ .45		\$	393
b Alcohol fuel mixtures containing alcohol (other than ethanol)	.60			394

**10 Biodiesel or Renewable Diesel Mixture Credit**

Registration No. ►

**Biodiesel mixtures.** Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	\$ 1.00		\$	388
b Agri-biodiesel mixtures	\$ 1.00			390
c Renewable diesel mixtures	\$ 1.00			307

**11 Nontaxable Use of Alternative Fuel**

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		\$ .183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

**12 Alternative Fuel Credit and Alternative Fuel Mixture Credit**

Registration No. ►

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	\$ .50		\$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d Liquefied hydrogen	.50			429
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50			430
f Liquid fuel derived from biomass	.50			431
g Liquefied natural gas (LNG)	.50			432
h Liquefied gas derived from biomass	.50			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50			437

Form 4136 (2010)

**13 Registered Credit Card Issuers**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	\$ .243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219*	.218*			369

\*See instructions for possible rate changes.

**14 Nontaxable Use of a Diesel-Water Fuel Emulsion**

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		\$ .197		\$	309
b Exported		.198			306

**15 Diesel-Water Fuel Emulsion Blending**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$ .046		\$	310

**16 Exported Dyed Fuels and Exported Gasoline Blendstocks**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001	\$ .001		\$	415
b Exported dyed kerosene	.001			416

<b>17 Total income tax credit claimed.</b> Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, line 32f(2); Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ►	<b>17</b>	\$	24,689.
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**SCHEDULE D  
(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

**2010**

Name

MDU RESOURCES GROUP, INC.

Employer identification number

41-0423660

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example. 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					-8,518.

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4 Unused capital loss carryover (attach computation)	4	( )
5 Net short-term capital gain or (loss). Combine lines 1 through 4	5	-8,518.

**Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year**

6					-700,359.

7 Enter gain from Form 4797, line 7 or 9	7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10 Capital gain distributions (see instructions)	10	-45,638.
11 Net long-term capital gain or (loss). Combine lines 6 through 10	11	-745,997.

**Part III Summary of Parts I and II**

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	14	NONE

Note. If losses exceed gains, see Capital losses in the instructions.

For Paperwork Reduction Act Notice, see the instructions for Form 1120.

Schedule D (Form 1120) (2010)

Name of corporation (common parent, if consolidated return) **MDU RESOURCES GROUP, INC.** Employer identification number **41-0423660**

Check applicable box(es): (1)  Consolidated group (2)  Parent corp (3)  Consolidated eliminations (4)  Subsidiary corp (5)  Mixed 1120/LPC group

Check if a sub-consolidated: (6)  1120 group (7)  1120 eliminations

Name of subsidiary (if consolidated return) \_\_\_\_\_ Employer identification number \_\_\_\_\_

**Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)**

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations . . . . .				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up . . . . .				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations . . . . .				
7 U.S. dividends not eliminated in tax consolidation . . . . .	30,971.	1,347.		32,318.
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships . . . . .		-8,902.		-8,902.
10 Income (loss) from foreign partnerships . . . . .				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details) . . . . .				
13 Interest income (attach Form 8918-A) . . . . .	2,765,952.	984.		2,766,936.
14 Total accrual to cash adjustment . . . . .				
15 Hedging transactions . . . . .				
16 Mark-to-market income (loss) . . . . .				
17 Cost of goods sold (attach Form 8918-A) . . . . .	( 344,391,364. )	65,915.		( 344,325,449. )
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments . . . . .				
20 Unearned/deferred revenue . . . . .				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest . . . . .				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .	-780,895.	780,895.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities		-754,515.		-754,515.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .		-129,958.		-129,958.
e Abandonment losses . . . . .				
f Worthless stock losses (attach details) . . . . .				
g Other gain/loss on disposition of assets other than inventory . . . . .				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule) . . . . .	203,307,628.	360,116.	-108,796,008.	94,871,736.
26 Total income (loss) items. Combine lines 1 through 25 . . . . .	-139,067,708.	315,882.	-108,796,008.	-247,547,834.
27 Total expense/deduction items (from Part III, line 38) . . . . .	-89,268,768.	-114,135,643.	12,932,408.	-190,472,003.
28 Other items with no differences . . . . .	468,995,758.			468,995,758.
28a Mixed groups, see instructions. All others, combine lines 26 through 28 . . . . .	240,659,282.	-113,819,761.	-95,863,600.	30,975,921.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 28a through 29c . . . . .	240,659,282.	-113,819,761.	-95,863,600.	30,975,921.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return)				Employer identification number	
MDU RESOURCES GROUP, INC.				41-0423660	
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group		(2) <input type="checkbox"/> Parent corp		(3) <input type="checkbox"/> Consolidated eliminations	
(4) <input checked="" type="checkbox"/> Subsidiary corp		(5) <input type="checkbox"/> Mixed 1120/L/PC group			
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group		(7) <input type="checkbox"/> 1120 eliminations			
Name of subsidiary (if consolidated return)				Employer identification number	

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)**

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .	-19,822,121.		19,822,121.	
2 U.S. deferred income tax expense . . . . .	33,429,783.		-33,429,783.	
3 State and local current income tax expense . . . . .	-3,451,436.		-795,036.	-4,246,472.
4 State and local deferred income tax expense . . . . .	4,092,281.		-4,092,281.	
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Interest expense (attach Form 8916-A) . . . . .	23,731,285.	971,808.		24,703,093.
9 Stock option expense . . . . .				
10 Other equity-based compensation . . . . .		21,568.	699,565.	721,133.
11 Meals and entertainment . . . . .	249,378.		-124,689.	124,689.
12 Fines and penalties . . . . .	151.		-151.	
13 Judgments, damages, awards, and similar costs . . . . .				
14 Parachute payments . . . . .				
15 Compensation with section 162(m) limitation . . . . .				
16 Pension and profit-sharing . . . . .		3,128,268.		3,128,268.
17 Other post-retirement benefits . . . . .				
18 Deferred compensation . . . . .		413,138.		413,138.
19 Charitable contribution of cash and tangible property . . . . .	341,440.			341,440.
20 Charitable contribution of intangible property . . . . .				
21 Charitable contribution limitation/carryforward . . . . .				
22 Domestic production activities deduction . . . . .				
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs . . . . .				
26 Amortization/impairment of goodwill . . . . .				
27 Amortization of acquisition, reorganization, and start-up costs . . . . .				
28 Other amortization or impairment write-offs . . . . .	3,594,953.	-3,591,827.		3,126.
29 Section 198 environmental remediation costs . . . . .				
30 Depletion . . . . .				
31 Depreciation . . . . .	34,196,531.	116,457,769.		150,654,300.
32 Bad debt expense . . . . .	891,220.	2,776.		893,996.
33 Corporate owned life insurance premiums . . . . .				
34 Purchase versus lease (for purchasers and/or lessors) . . . . .				
35 Research and development costs (attach schedule) . . . . .				
36 Section 118 exclusion (attach schedule) . . . . .				
37 Other expense/deduction items with differences (attach schedule) . . . . .	12,015,303.	-3,267,857.	4,987,846.	13,735,292.
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive . . . . .	89,268,768.	114,135,643.	-12,932,408.	190,472,003.

**General Business Credit**

▶ See separate instructions.  
▶ Attach to your tax return.

Name(s) shown on return  
**MDU RESOURCES GROUP, INC.**

Identifying number  
**41-0423660**

**Part I Current Year Credit**

**Important:** You may not be required to complete and file a separate credit form (shown in parentheses below) to claim the credit. For details, see the instructions.

<b>1a</b> Investment credit (Form 3468, Part II only) (attach Form 3468)	<b>1a</b>
<b>b</b> Reserved for future use	<b>1b</b>
<b>c</b> Credit for increasing research activities	<b>1c</b>
<b>d</b> Low-income housing credit (Form 8586, Part I only) (enter EIN if claiming this credit from a pass-through entity: _____)	<b>1d</b>
<b>e</b> Disabled access credit (Form 8826) (do not enter more than \$5,000)	<b>1e</b>
<b>f</b> Renewable electricity production credit (Form 8835) (see instructions)	<b>1f</b>
<b>g</b> Indian employment credit	<b>1g</b>
<b>h</b> Orphan drug credit (Form 8820)	<b>1h</b>
<b>i</b> New markets credit (Form 8874) (enter EIN if claiming this credit from a pass-through entity: _____)	<b>1i</b>
<b>j</b> Credit for small employer pension plan startup costs (Form 8881) (do not enter more than \$500)	<b>1j</b>
<b>k</b> Credit for employer-provided child care facilities and services (Form 8882) (enter EIN if claiming this credit from a pass-through entity: _____)	<b>1k</b>
<b>l</b> Biodiesel and renewable diesel fuels credit (attach Form 8864)	<b>1l</b>
<b>m</b> Low sulfur diesel fuel production credit (Form 8896)	<b>1m</b>
<b>n</b> Distilled spirits credit (Form 8906)	<b>1n</b>
<b>o</b> Nonconventional source fuel credit (Form 8907)	<b>1o</b>
<b>p</b> Energy efficient home credit	<b>1p</b>
<b>q</b> Energy efficient appliance credit (Form 8909)	<b>1q</b>
<b>r</b> Alternative motor vehicle credit (Form 8910) (enter EIN if claiming this credit from a pass-through entity: _____)	<b>1r</b>
<b>s</b> Alternative fuel vehicle refueling property credit (Form 8911)	<b>1s</b>
<b>t</b> Employer housing credit	<b>1t</b>
<b>u</b> Mine rescue team training credit	<b>1u</b>
<b>v</b> Agricultural chemicals security credit (Form 8931) (do not enter more than \$2 million)	<b>1v</b>
<b>w</b> Credit for employer differential wage payments	<b>1w</b>
<b>x</b> Carbon dioxide sequestration credit (Form 8933)	<b>1x</b>
<b>y</b> Qualified plug-in electric drive motor vehicle credit (Form 8936)	<b>1y</b>
<b>z</b> Qualified plug-in electric vehicle credit (Form 8834, Part I only)	<b>1z</b>
<b>aa</b> New hire retention credit (Form 5884-B)	<b>1aa</b>
<b>bb</b> General credits from an electing large partnership (Schedule K-1 (Form 1065-B))	<b>1bb</b>
<b>2</b> Add lines 1a through 1bb	<b>2</b>
<b>3</b> Passive activity credits included on line 2 (see instructions)	<b>3</b>
<b>4</b> Subtract line 3 from line 2	<b>4</b>
<b>5</b> Passive activity credits allowed for 2010 (see instructions)	<b>5</b>
<b>6</b> Carryforward of general business credit to 2010. See instructions for the schedule to attach	<b>6</b>
<b>7</b> Carryback of general business credit from 2011 (see instructions)	<b>7</b>
<b>8</b> Add lines 4 through 7. Subtract from that sum any eligible small business credits and enter the result (see instructions)	<b>8</b>

For Paperwork Reduction Act Notice, see separate instructions.

**Part II Allowable Credit**

<p><b>9 Regular tax before credits:</b></p> <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 1040, line 44 or Form 1040NR, line 42 . . .</li> <li>• Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of your return . . . . .</li> <li>• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .</li> </ul>	} . . . .	<b>9</b>	
<p><b>10 Alternative minimum tax:</b></p> <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 35 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 14 . . . . .</li> <li>• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56 . . . . .</li> </ul>	} . . . . .	<b>10</b>	
<p><b>11 Add lines 9 and 10.</b> . . . . .</p>		<b>11</b>	
<p><b>12a Foreign tax credit</b> . . . . .</p>	<b>12a</b>		
<p><b>b Personal credits from Form 1040 or 1040NR (see instructions).</b> . . . . .</p>	<b>12b</b>		
<p><b>c Add lines 12a and 12b</b> . . . . .</p>		<b>12c</b>	
<p><b>13 Net income tax.</b> Subtract line 12c from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18a</p>		<b>13</b>	
<p><b>14 Net regular tax.</b> Subtract line 12c from line 9. If zero or less, enter -0-</p>		<b>14</b>	
<p><b>15 Enter 25% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions)</b> . . . . .</p>		<b>15</b>	
<p><b>16 Tentative minimum tax.</b> If line 8 is zero and line 24 would be zero, skip lines 16 through 25 and go to line 26. Otherwise, see instructions . . . . .</p>		<b>16</b>	
<p><b>17 Enter the greater of line 15 or line 16</b> . . . . .</p>		<b>17</b>	
<p><b>18a Subtract line 17 from line 13. If zero or less, enter -0-</b> . . . . .</p>		<b>18a</b>	
<p><b>b For a corporation electing to accelerate the research credit, enter the bonus depreciation amount attributable to the research credit. (see instructions)</b> . . . . .</p>		<b>18b</b>	
<p><b>c Add lines 18a and 18b</b> . . . . .</p>		<b>18c</b>	
<p><b>19a Enter the smaller of line 8 or line 18c</b> . . . . .</p> <p><b>C corporations:</b> See the line 19a instructions if there has been an ownership change, acquisition, or reorganization.</p>		<b>19a</b>	
<p><b>b Enter the smaller of line 8 or line 18a. If you made an entry on line 18b, go to line 19c; otherwise, skip line 19c (see instructions)</b> . . . . .</p>		<b>19b</b>	
<p><b>c Subtract line 19b from line 19a. This is the refundable amount for a corporation electing to accelerate the research credit. Include this amount on line 32g of Form 1120 (or the applicable line of your return).</b> . . . . .</p>		<b>19c</b>	

**Part II Allowable Credit (Continued)**

**Note.** If you are not filing Form 8844, skip lines 20 through 24 and enter -0- on line 25.

20	Multiply line 16 by 75% (see instructions)	20	
21	Enter the greater of line 15 or line 20	21	
22	Subtract line 21 from line 13. If zero or less, enter -0-	22	
23	Subtract line 19b from line 22. If zero or less, enter -0-	23	
24	Enter the amount from Form 8844, line 10 or line 12, excluding any portion of the credit that is an eligible small business credit (see instructions)	24	
25	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 23 or line 24	25	
26	Subtract line 15 from line 13. If zero or less, enter -0-	26	
27	If you skipped lines 16 through 25, enter -0-. Otherwise, add lines 19b and 25	27	
28	Subtract line 27 from line 26. If zero or less, enter -0-	28	
29a	Enter the investment credit from Form 3468, Part III, line 20 (attach Form 3468)	29a	
b	Enter the work opportunity credit from Form 5884, line 10 or line 12	29b	
c	Enter the alcohol and cellulosic biofuel fuels credit from Form 6478, line 15 or line 17	29c	
d	Enter the low-income housing credit from Form 8586, Part II, line 18 or line 20	29d	
e	Enter the applicable part of the amount of the renewable electricity, refined coal, and Indian coal production credit from Form 8835, Part II, line 36 or line 38	29e	2,164,515.
f	Enter the credit for employer social security and Medicare taxes paid on certain employee tips from Form 8846, line 12	29f	
g	Enter the qualified railroad track maintenance credit from Form 8900, line 12	29g	
h	Enter the credit for small employer health insurance premiums from Form 8941, line 21 or line 23 (tax-exempt entities, other than farmers' cooperatives, do not complete this line - see instructions) (enter EIN if claiming this credit from a pass-through entity: _____)	29h	
30	Add lines 29a through 29h and increase that sum by any eligible small business credits and enter the result (see instructions)	30	
31	Enter the smaller of line 28 or line 30	31	
32	Credit allowed for the current year. Add lines 27 and 31. Report the amount from line 32 (if smaller than the sum of lines 8, 24, and 30, see instructions) as indicated below or on the applicable line of your return: <ul style="list-style-type: none"> <li>• Individuals. Form 1040, line 53 or Form 1040NR, line 50</li> <li>• Corporations. Form 1120, Schedule J, line 5c</li> <li>• Estates and trusts. Form 1041, Schedule G, line 2b</li> </ul>	32	

**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment  
Sequence No. **67**

Name(s) shown on return

Identifying number

**MDU RESOURCES GROUP, INC.**

**41-0423660**

Business or activity to which this form relates

**General Depreciation and Amortization**

**Part I Election To Expense Certain Property Under Section 179**

*Note: If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12	13	

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.*

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	103,038,757.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	4,758,649.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	33,409,508.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2010 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		35,217,854.	5.000	HY	200 DB	7,043,571.
c 7-year property		4,149,458.	7.000	HY	200 DB	592,958.
d 10-year property						
e 15-year property		9,155,395.	15.000	HY	150 DB	457,770.
f 20-year property		33,456,811.	20.000	HY	150 DB	1,254,631.
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property		4,403,141.	39 yrs.	MM	S/L	6,192.

**Section C - Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	92,264.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	150,654,300.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	24b If "Yes," is the evidence written?		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) . . . . .							25	38,213.
26 Property used more than 50% in a qualified business use:								
LISTED PROPERTY		100 %	4,181,424.	4,181,424.	5.0	200 DB-HY	31,396.	
LISTED PROPERTY		100 %	339,041.	339,041.	5.0	200 DB-MQ	22,655.	
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . . . . .							28	92,264.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							29	

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles) . . . . .												
31 Total commuting miles driven during the year . . . . .												
32 Total other personal (noncommuting) miles driven . . . . .												
33 Total miles driven during the year. Add lines 30 through 32 . . . . .												
34 Was the vehicle available for personal use during off-duty hours? . . . . .												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
36 Is another vehicle available for personal use? . . . . .												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
39 Do you treat all use of vehicles by employees as personal use? . . . . .		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions):					
43 Amortization of costs that began before your 2010 tax year . . . . .				43	3,126.
44 Total. Add amounts in column (f). See the instructions for where to report . . . . .				44	3,126.

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**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return <b>MDU RESOURCES GROUP, INC.</b>	Identifying number <b>41-0423660</b>
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**1** Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). . . . . **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)**

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
							-207,619.

3 Gain, if any, from Form 4684, line 42 . . . . .	<b>3</b>	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .	<b>4</b>	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .	<b>5</b>	
6 Gain, if any, from line 32, from other than casualty or theft . . . . .	<b>6</b>	137,014.
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .	<b>7</b>	-70,605.
<p><b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.</p> <p><b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.</p>		
8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .	<b>8</b>	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . .	<b>9</b>	

**Part II Ordinary Gains and Losses (see instructions)**

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

		-471,463.
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11 Loss, if any, from line 7 . . . . .	<b>11</b>	( 70,605.)
12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . .	<b>12</b>	
13 Gain, if any, from line 31 . . . . .	<b>13</b>	412,110.
14 Net gain or (loss) from Form 4684, lines 34 and 41a . . . . .	<b>14</b>	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .	<b>15</b>	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .	<b>16</b>	
17 Combine lines 10 through 16 . . . . .	<b>17</b>	-129,958.
<p><b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:</p> <p><b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . .</p> <p><b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . .</p>		
	<b>18a</b>	
	<b>18b</b>	

For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (2010)

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A PART III PROPERTY		VARIOUS	VARIOUS
B PART III PROPERTY		VARIOUS	VARIOUS
C			
D			
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 208,585.	499,309.
21	Cost or other basis plus expense of sale . . . . .	21 71,571.	2,364,275.
22	Depreciation (or depletion) allowed or allowable . . . . .	22 31,162.	2,245,914.
23	Adjusted basis. Subtract line 22 from line 21 . . . . .	23 40,409.	118,361.
24	Total gain. Subtract line 23 from line 20 . . . . .	24 168,176.	380,948.
<b>25 If section 1245 property:</b>			
25a	a Depreciation allowed or allowable from line 22 . . . . .	31,162.	2,245,914.
25b	b Enter the smaller of line 24 or 25a . . . . .	31,162.	380,948.
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.			
26a	a Additional depreciation after 1975 (see instructions)		
26b	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)		
26c	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e		
26d	d Additional depreciation after 1969 and before 1976		
26e	e Enter the smaller of line 26c or 26d . . . . .		
26f	f Section 291 amount (corporations only) . . . . .		
26g	g Add lines 26b, 26e, and 26f . . . . .		
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).			
27a	a Soil, water, and land clearing expenses . . . . .		
27b	b Line 27a multiplied by applicable percentage (see instructions)		
27c	c Enter the smaller of line 24 or 27b . . . . .		
<b>28 If section 1254 property:</b>			
28a	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions) . . . . .		
28b	b Enter the smaller of line 24 or 28a . . . . .		
<b>29 If section 1255 property:</b>			
29a	a Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .		
29b	b Enter the smaller of line 24 or 29a (see instructions)		

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	549,124.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	412,110.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	137,014.

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years . . . . .	33	
34	Recomputed depreciation (see instructions) . . . . .	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35	

**Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns**

▶ **File a separate application for each return.**  
▶ **See separate instructions.**

OMB No. 1545-0233

<b>Type or Print</b>  File by the due date for the return for which an extension is requested. See instructions.	Name <b>MDU RESOURCES GROUP, INC.</b>	Identifying number <b>41-0423660</b>
	Number, street, and room or suite no. (If P.O. box, see instructions.) <b>P O BOX 5650</b>	
	City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). <b>BISMARCK, ND 58506-5650</b>	

**Note. See instructions before completing this form.**

**Part I Automatic 5-Month Extension Complete if Filing Form 1065, 1041, or 8804**

**1a** Enter the form code for the return that this application is for (see below).

Application Is For:	Form Code	Application Is For:	Form Code
Form 1065	<b>09</b>	Form 1041 (estate)	<b>04</b>
Form 8804	<b>31</b>	Form 1041 (trust)	<b>05</b>

**Part II Automatic 6-Month Extension Complete if Filing Other Forms**

**b** Enter the form code for the return that this application is for (see below).

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	<b>01</b>	Form 1120-PC	<b>21</b>
Form 706-GS(T)	<b>02</b>	Form 1120-POL	<b>22</b>
Form 1041-N	<b>06</b>	Form 1120-REIT	<b>23</b>
Form 1041-QFT	<b>07</b>	Form 1120-RIC	<b>24</b>
Form 1042	<b>08</b>	Form 1120S	<b>25</b>
Form 1065-B	<b>10</b>	Form 1120-SF	<b>26</b>
Form 1066	<b>11</b>	Form 3520-A	<b>27</b>
Form 1120	<b>12</b>	Form 8612	<b>28</b>
Form 1120-C	<b>34</b>	Form 8613	<b>29</b>
Form 1120-F	<b>15</b>	Form 8725	<b>30</b>
Form 1120-FSC	<b>16</b>	Form 8831	<b>32</b>
Form 1120-H	<b>17</b>	Form 8876	<b>33</b>
Form 1120-L	<b>18</b>	Form 8924	<b>35</b>
Form 1120-ND	<b>19</b>	Form 8928	<b>36</b>
Form 1120-ND (section 4951 taxes)	<b>20</b>		

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here   
If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

**Part III All Filers Must Complete This Part**

- 4** If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here
- 5 a** The application is for calendar year 2010, or tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

**b Short tax year.** If this tax year is less than 12 months, check the reason:

- Initial return     Final return     Change in accounting period     Consolidated return to be filed

<b>6</b> Tentative total tax	<b>6</b>	NONE
<b>7</b> Total payments and credits (see instructions)	<b>7</b>	NONE
<b>8</b> Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions)	<b>8</b>	NONE

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **7004** (Rev. 12-2008)

**Like-Kind Exchanges**  
(and section 1043 conflict-of-interest sales)

▶ Attach to your tax return.

Name(s) shown on tax return

Identifying number

MDU RESOURCES GROUP, INC.

41-0423660

**Part I Information on the Like-Kind Exchange**

Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

1 Description of like-kind property given up:

EQUIPMENT

EQUIPMENT

2 Description of like-kind property received:

3 Date like-kind property given up was originally acquired (month, day, year) . . . . .

3

4 Date you actually transferred your property to other party (month, day, year) . . . . .

4

5 Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written identification requirement . . . . .

5

6 Date you actually received the like-kind property from other party (month, day, year). See instructions

6

7 Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III . . . . .  Yes  No

**Part II Related Party Exchange Information**

8 Name of related party	Relationship to you	Related party's identifying number
-------------------------	---------------------	------------------------------------

Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of any part of the like-kind property received from you (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (such as through an intermediary), that became your replacement property? . . . . .  Yes  No

10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received? . . . . .  Yes  No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is not the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 unless one of the exceptions on line 11 applies.

11 If one of the exceptions below applies to the disposition, check the applicable box

- a  The disposition was after the death of either of the related parties.
- b  The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c  You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as one of its principal purposes. If this box is checked, attach an explanation (see instructions).

60

Name(s) shown on tax return. Do not enter name and social security number if shown on other side.

Your social security number

MDU RESOURCES GROUP, INC.

41-0423660

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.

Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherwise, go to line 15.

Table with 25 rows for Part III. Columns include line number, description, and numerical values. Values include 2,489,536 and 824,033.

Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales

Note: This part is to be used only by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government (including certain spouses, minor or dependent children, and trustees as described in section 1043) for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property is more than the basis of the divested property.

Table with 25 rows for Part IV. Columns include line number, description, and numerical values. Includes fields for date of sale, sales price, and basis of divested property.

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**Renewable Electricity, Refined Coal,  
and Indian Coal Production Credit**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

MDU RESOURCES GROUP, INC.

Identifying number

41-0423660

**Part I Electricity Produced at Qualified Facilities Placed in Service Prior to October 23, 2004**

1	Kilowatt-hours produced and sold (see instructions)	x	0.022	1	
2	Phaseout adjustment (see instructions)	\$	x	2	
3	Credit before reduction. Subtract line 2 from line 1			3	
<b>Reduction for government grants, subsidized financing, and other credits:</b>					
4	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions)			4	
5	Total of additions to the capital account for the project for this and all prior tax years			5	
6	Divide line 4 by line 5. Show as a decimal carried to at least 4 places			6	
7	Multiply line 3 by line 6			7	
8	Subtract line 7 from line 3			8	
9	Part I renewable electricity production credit from partnerships, S corporations, cooperatives, estates, and trusts			9	
10	Add lines 8 and 9. Cooperatives, estates, and trusts, go to line 11; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1f			10	
11	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)			11	
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Report this amount on Form 3800, line 1f			12	

**Part II Electricity and Refined Coal Produced at Qualified Facilities Placed in Service After October 22, 2004 (After October 2, 2008, for Electricity Produced From Marine and Hydrokinetic Renewables), and Indian Coal Produced at Facilities Placed in Service After August 8, 2005**

	(a) Kilowatt-hours produced and sold (see instructions)	(b) Rate	(c) Column (a) x Column (b)		
13	Electricity produced at qualified facilities using:				
a	Wind	13a	98387061	0.022	2,164,515.
b	Closed-loop biomass	13b		0.022	
c	Geothermal	13c		0.022	
d	Solar	13d		0.022	
e	Add column (c) of lines 13a through 13d and enter here				13e 2,164,515.
14	Electricity produced at qualified facilities using:				
a	Open-loop biomass	14a		0.011	
b	Small irrigation power	14b		0.011	
c	Landfill gas	14c		0.011	
d	Trash	14d		0.011	
e	Hydropower	14e		0.011	
f	Marine and hydrokinetic renewables	14f		0.011	
g	Add column (c) of lines 14a through 14f and enter here				14g
15	Add lines 13e and 14g				15 2,164,515.
16	Phaseout adjustment (see instructions)	\$	x		16
17	Subtract line 16 from line 15				17 2,164,515.
<b>Refined coal produced at a qualified refined coal production facility</b>					
18	Tons produced and sold (see instructions)		x	\$6.27	18
19	Phaseout adjustment (see instructions)	\$	x		19
20	Subtract line 19 from line 18				20
<b>Steel industry fuel produced at a qualified refined coal production facility</b>					
21	Barrel-of-oil equivalents produced and sold (see instructions)		x	\$2.87	21
<b>Indian coal produced at a qualified Indian coal production facility</b>					
22	Tons produced and sold (see instructions)		x	\$2.20	22
23	Credit before reduction. Add lines 17, 20, 21, and 22				23 2,164,515.

For Paperwork Reduction Act Notice, see separate instructions.

**Reduction for government grants, subsidized financing, and other credits:**

24	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions)	24	
25	Total of additions to the capital account for the project for this and all prior tax years	25	
26	Divide line 24 by line 25. Show as a decimal carried to at least 4 places	26	
27	Multiply line 23 by the smaller of 1/2 or line 26	27	
28	Subtract line 27 from line 23	28	2,164,515.
29	Part II renewable electricity, refined coal, and Indian coal production credit from partnerships, S corporations, cooperatives, estates, and trusts	29	
30	Add lines 28 and 29. Partnerships and S corporations, report this amount on Schedule K; all others continue to line 31	30	2,164,515.
31	Renewable electricity, refined coal, and Indian coal production credit included on line 30 from passive activities (see instructions)	31	
32	Subtract line 31 from line 30	32	2,164,515.
33	Renewable electricity, refined coal, and Indian coal production credit allowed for 2010 from a passive activity (see instructions)	33	
34	Carryforward of renewable electricity, refined coal, and Indian coal production credit to 2010	34	
35	Carryback of renewable electricity, refined coal, and Indian coal production credit from 2011 (see instructions)	35	
36	Add lines 32 through 35. Cooperatives, estates, and trusts, go to line 37; All others: For electricity, refined coal, or Indian coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f	36	2,164,515.
37	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	37	
38	Cooperatives, estates, and trusts. Subtract line 37 from line 36. For electricity, refined coal, or Indian coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 29e; for all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f	38	

**Supplemental Attachment to Schedule M-3**

**2010**

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent <b>MDU RESOURCES GROUP, INC.</b>	Employer identification number <b>41-0423660</b>
Name of subsidiary	Employer identification number

**Part I Cost of Goods Sold**

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
<b>1</b> Amounts attributable to cost flow assumptions . . . . .				
<b>2</b> Amounts attributable to:				
<b>a</b> Stock option expense . . . . .				
<b>b</b> Other equity based compensation, . . . . .				
<b>c</b> Meals and entertainment . . . . .				
<b>d</b> Parachute payments . . . . .				
<b>e</b> Compensation with section 162(m) limitation . . . . .				
<b>f</b> Pension and profit sharing . . . . .				
<b>g</b> Other post-retirement benefits . . . . .				
<b>h</b> Deferred compensation . . . . .				
<b>i</b> Section 198 environmental remediation costs . . . . .				
<b>j</b> Amortization . . . . .				
<b>k</b> Depletion . . . . .				
<b>l</b> Depreciation . . . . .				
<b>m</b> Corporate owned life insurance premiums . . . . .				
<b>n</b> Other section 263A costs . . . . .		-65,915.		-65,915.
<b>3</b> Inventory shrinkage accruals . . . . .				
<b>4</b> Excess inventory and obsolescence reserves . . . . .				
<b>5</b> Lower of cost or market write-downs . . . . .				
<b>6</b> Other items with differences (attach schedule) . . . . .				
<b>7</b> Other items with no differences	344,391,364.			344,391,364.
<b>8</b> Total cost of goods sold. Add lines 1 through 7, in columns a, b, c, and d . . . . .	344,391,364.	-65,915.		344,325,449.

For Paperwork Reduction Act Notice, see page 4.

Form **8916-A** (2010)

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**Part II Interest Income**

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group				
5	Other interest income	2,765,952.	984.		2,766,936.
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	2,765,952.	984.		2,766,936.

**Part III Interest Expense**

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense	23,731,285.	971,808.		24,703,093.
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	23,731,285.	971,808.		24,703,093.

(Rev. January 2010)

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to the policyholder's tax return - See instructions.

Attachment  
Sequence No. **160**

Name(s) as shown on return		Identifying number
MDU RESOURCES GROUP, INC.		41-0423660
Name of policyholder, if different from above		Identifying number, if different from above
MDU RESOURCES GROUP, INC BENEFITS PROTECTION TRUST		
Type of business		
ENERGY SERVICES		
1	Enter the number of employees the policyholder had at the end of the tax year	1 7,895.
2	Enter the number of employees included on line 1 who were insured at the end of the tax year under the policyholder's employer-owned life insurance contract(s) issued after August 17, 2006. See Section 1035 exchanges on page 2 for an exception . . . . .	2 7.
3	Enter the total amount of employer-owned life insurance in force at the end of the tax year for employees who were insured under the contract(s) specified on line 2 . . . . .	3 9,861,742.
4a	Does the policyholder have a valid consent (see instructions) for each employee included on line 2? . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
b	If "No," enter the number of employees included on line 2 for whom the policyholder does not have a valid consent . . . . .	4b

**General Instructions**

Section references are to the Internal revenue Code unless otherwise noted.

**Purpose of Form**

Use Form 8925 to report the number of employees covered by employer-owned life insurance contracts issued after August 17, 2006, and the total amount of employer-owned life insurance in force on those employees at the end of the tax year. Policyholders must also indicate whether a valid consent has been received from each covered employee, and the number of covered employees for which a valid consent has not been received.

See sections 101(j) and 6039I, and Notice 2009-48, 2009-24 I.R.B. 1085, for more information.

**Definitions**

**Employer-owned life insurance contract.** For purposes of Form 8925, an insurance contract is an employer-owned life insurance contract if it is owned by a policyholder as defined below, and covers the life of the policyholder's employee(s) on the date the life insurance contract is issued. If you have master contracts, see section 101(j)(3) for additional information.

**Policyholder.** For purposes of Form 8925 and these instructions, a policyholder is an "applicable policyholder" as defined in section 101(j)(3)(B). Generally, a policyholder is the person who owns the employer-owned life insurance contract, and who is (a) engaged in a trade or business

that employs the person insured under the employer-owned life insurance contract and (b) the direct or indirect beneficiary of the employer-owned life insurance contract.

**Related person.** A related person is considered a policyholder if that person is (a) related to the policyholder (defined earlier) under sections 267(b) or 707(b) (1), or (b) engaged in a trade or business under common control with the policyholder. See sections 52(a) and (b).

**Employee.** Employee includes an officer, director, or highly compensated employee under section 414(q).

**Insured.** An individual must be a U.S. citizen or resident to be considered insured under an employer-owned life insurance contract. Both individuals covered by a contract covering the joint lives of two individuals are considered insured.

**Notice and consent requirements.** To qualify as an employer-owned life insurance contract, the policyholder must meet the notice and consent requirements listed below before the issuance of the contract.

1. Provide written notification to the employee stating the policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued.

The written notification must include a disclosure of the face amount of life insurance, either in dollars or as a multiple of salary, that the policyholder

reasonably expects to purchase with regard to the employee during the course of the employee's tenure. Additional notice and consent are required if the aggregate face amount of the employer-owned life insurance contracts with regard to an employee exceeds the amount of which the employee was given notice and to which the employee consented. See Q&A-9 and Q&A-12 in Notice 2009-48.

2. Provide written notification to the employee that the policyholder will be a beneficiary of any proceeds payable upon the death of the employee.

3. Received written consent from the employee. See *Valid consent* under the instructions for line 4a.

**Electronic notification and consent.**

The written notification and consent requirement can be met electronically only if the system for electronic notification and consent meets requirements 1 through 3, above. See Q&A-11 in Notice 2009-48 for more information.

**Issue date of contract.** Generally, the issue date of a life insurance contract is the date on the policy assigned by the insurance company on or after the date of application. For purposes of meeting the notice and consent requirements, the issue date of the employer-owned life insurance contract is the later of (1) the date of application of coverage, (2) the effective date of coverage, or (3) the formal issuance of the contract. See Q&A-4 in Notice 2009-48 for more information.

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Form 1120, Page 1 Detail  
=====Line 10 - Other income  
-----

Intercompany gain/loss	360,116.
Net merchandise income (loss)	1,386,656.
Ordinary income(loss) from jt ventures & ptrshps	-8,902.
Other income with differences	-9,629,380.
Other income	14,467,883.
	-----
Total	6,576,373.
	=====

Form 1120, Page 1 Detail

=====

Line 17 - Taxes and licenses

-----

Miscellaneous taxes	11,407,211.
Payroll taxes	4,052,310.
State and local income taxes	-4,246,472.
	-----
Total	11,213,049.
	=====

Form 1120, Page 1 Detail

=====

Line 19 - Current year contributions

-----

Community programs	341,440.
Total	341,440.

=====

Line 26 - Other deductions

-----

Amortization	3,126.
Travel, meals and entertainment	124,689.
Vacation expense	38,669.
Kesop incentive compensation	721,133.
General operating expenses	-15,881,497.
Restricted stock bonus plan - dividends	-469,763.
Deferred compensation - net payment	413,138.
Other deductions	13,998,217.
Contributions in aid of construction	-1,418,339.
Federal nonhighway use tax credit	-20,133.
Purchase Gas Adjustment	1,360,092.
Rate Case	246,549.
Total	-884,119.

=====

Form 1120, Page 2 Detail

=====

Sch A, Line 5 - Other costs

-----

Power generation	109,118,575.
Gas purchased	235,272,789.
COGS	-65,915.
	-----
Total	344,325,449.
	=====

Form 1120, Page 5 Detail

Sch L, Line 6 -		
Other current assets	Beginning	Ending
-----	-----	-----
Exchange gas receivable	6,784,742.	4,628,443.
Accrued unbilled revenue	35,878,909.	37,326,027.
Other prepayments & current assets	3,217,512.	4,115,526.
	-----	-----
Total	45,881,163.	46,069,996.
	=====	=====
Sch L, Line 9 - Other investments		
-----		
Investment in subsidiaries	2,240,332,380.	2,336,133,125.
Other investments	41,701,030.	48,037,820.
	-----	-----
Total	2,282,033,410.	2,384,170,945.
	=====	=====
Sch L, Line 14 - Other assets		
-----		
Unamortized debt expense	11,503,071.	10,692,234.
Deferred income taxes	345,420.	
Other deferred charges	95,818,861.	111,948,960.
	-----	-----
Total	107,667,352.	122,641,194.
	=====	=====
Sch L, Line 18 -		
Other current liabilities		
-----		
Accrued dividends	29,748,760.	30,772,550.
Accrued income taxes	14,609,961.	4,935,817.
Other current liabilities	105,362,769.	86,185,359.
	-----	-----
Total	149,721,490.	121,893,726.
	=====	=====
Sch L, Line 21 - Other liabilities		
-----		
Deferred income taxes	64,791,132.	104,194,695.
Unamortized itc	162,069.	797,879.
Other deferred credits	176,817,786.	197,823,194.
Other noncurrent liabilities	3,302,103.	6,314,471.
	-----	-----
Total	245,073,090.	309,130,239.
	=====	=====

Form 1120, Page 5 Detail

=====

Sch L, Line 26 -  
Adjustments to shareholders' equity

	Beginning	Ending
----- Accumulated other comprehensive inc	----- -20,832,825.	----- -31,261,155.
Total	----- -20,832,825.	----- -31,261,155.

Form 1120, Page 5 Detail

=====

Sch M-2, Line 6 - Other decreases

-----

Other decreases

78,140.

Total

-----  
78,140.  
=====

Schedule D Detail

Line 1 - Short-Term Capital Gains (Losses)

Short-Term Capital Gains(Losses) Detail

Kind of Property and Description	Date Acq	Date Sold	Sales Price	Cost	Gain(Loss)
WF-SHORT TERM	VARIOUS	VARIOUS	168,531.	177,049.	-8,518.
Total Short-Term Capital Gains(Losses)					-8,518.

Line 6 - Long-Term Capital Gains (Losses)

Long-Term Capital Gains(Losses) Detail

Kind of Property and Description	Date Acq	Date Sold	Sales Price	Cost	Gain(Loss)
WF-LONG TERM	VARIOUS	VARIOUS	6,391,265.	7,091,624.	-700,359.
Total Long-Term Capital Gains(Losses)					-700,359.

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Schedule D Detail

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Line 10 - Capital Gains Distributions

---

Name of Payer	Amount
FROM SCHEDULE K-1	-45,638.
Total Capital Gains Distributions	-45,638.

95

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
OTHER INCOME/LOSS ITEMS WITH DIFFERENCES			-9,629,380.	-9,629,380.
INCOME FROM SUBSIDIARIES	203,307,628.		-203,307,628.	
DIVIDEND INCOME			104,141,000.	104,141,000.
G/L ON INTERCO TRANS UNDER REG SEC 1.150		360,116.		360,116.
Total	203,307,628.	360,116.	-108,796,008.	94,871,736.

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Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
LOBBYING	71,255.		-71,255.	
FEDERAL NONHIGHWAY USE TAX CREDIT			-20,133.	-20,133.
VACATION PAY		38,669.		38,669.
PURCHASE GAS ADJUSTMENT		1,360,092.		1,360,092.
RATE CASE		246,549.		246,549.
RESTRICTED STOCK BONUS PLAN EXPENSE		-369,825.	-99,938.	-469,763.
OTHER EXPENSES	11,944,048.	-4,543,342.	5,179,172.	12,579,878.
Total	12,015,303.	-3,267,857.	4,987,846.	13,735,292.

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Form 4797, Page 1 Detail

Line 2 - Most Property Held More Than 1 Year

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART I PROPERTY	VARIOUS	VARIOUS	61,202.	430,350.	698,582.	-207,030.
FROM SCHEDULE K-1	VARIOUS	VARIOUS				-589.
Part I 4797 Gains and Losses						-207,619.

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Form 4797, Page 1 Detail

Line 10 - Ordinary Gains and Losses

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART II PROPERTY	VARIOUS	VARIOUS	25,333.	3,860,496.	4,357,292.	-471,463.
Part II 4797 Ordinary Gains and Losses						-471,463.

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<b>Schedule C</b> Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) . . . . .	234.	70	164.
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) . . . . .		80	
3 Dividends on debt-financed stock of domestic and foreign corporations . . . . .		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities . . . . .		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities . . . . .		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs . . . . .		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs . . . . .		80	
8 Dividends from wholly owned foreign subsidiaries . . . . .		100	
9 Total. Add lines 1 through 8. See instructions for limitation . . . . .			164.
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 . . . . .		100	
11 Dividends from affiliated group members . . . . .	101,774,000.	100	101,774,000.
12 Dividends from certain FSCs . . . . .		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12 . . . . .			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471), . . . . .			
15 Foreign dividend gross-up . . . . .			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 . . . . .			
17 Other dividends . . . . .			
18 Deduction for dividends paid on certain preferred stock of public utilities . . . . .			180,002.
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 . . . ▶	101,774,234.		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b . . . . . ▶			101,954,166.

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

Table with 11 rows for tax computation. Includes items like 'Check if the corporation is a member of a controlled group', 'Income tax', 'Alternative minimum tax', 'Foreign tax credit', 'Total credits', 'Personal holding company tax', 'Recapture of investment credit', and 'Total tax'.

Part II - Payments and Refundable Credits

Table with 11 rows for payments and refundable credits. Includes items like '2010 overpayment credited to 2011', '2011 estimated tax payments', '2011 refund applied for on Form 4466', 'Total payments', and 'Total payments and credits'.

Schedule K Other Information (see instructions)

Table with 4 main rows for other information. Includes 'Check accounting method' (Accrual checked), 'Business activity code no.' (221100), 'Business activity' (ELECTRIC/GAS PUBLIC), 'Product or service' (ELECTRICITY & NATURA), and questions about subsidiary status and ownership.

Schedule K Other Information continued (see instructions)

5 At the end of the tax year, did the corporation:	Yes	No
		X

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	Yes	No
		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? . . . . . For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ <input type="checkbox"/>		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ _____		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____		
13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? . . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.		X
15a Did the corporation make any payments in 2011 that would require it to file Forms(s) 1099 (see instructions)? . . . . .	X	
b If "Yes," did or will the corporation file all required Forms 1099? . . . . .	X	

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash . . . . .		6,276,213.		6,901,874.
2a Trade notes and accounts receivable . . . . .	67,498,794.		64,907,542.	
b Less allowance for bad debts . . . . .	(231,003.)	67,267,791.	(237,600.)	64,669,942.
3 Inventories . . . . .		34,583,001.		42,596,004.
4 U.S. government obligations . . . . .				
5 Tax-exempt securities (see instructions) . . . . .				
6 Other current assets (attach schedule) . . . . .		46,069,996.		41,322,167.
7 Loans to shareholders . . . . .				
8 Mortgage and real estate loans . . . . .				
9 Other investments (attach schedule) . . . . .		2,384,170,945.		2,450,725,671.
10a Buildings and other depreciable assets . . . . .	1,388,127,290.		1,453,089,124.	
b Less accumulated depreciation . . . . .	(583,446,805.)	804,680,485.	(605,510,108.)	847,579,016.
11a Depletable assets . . . . .				
b Less accumulated depletion . . . . .	( )	( )	( )	( )
12 Land (net of any amortization) . . . . .				
13a Intangible assets (amortizable only) . . . . .	4,812,244.		4,812,244.	
b Less accumulated amortization . . . . .	( )	4,812,244.	( )	4,812,244.
14 Other assets (attach schedule) . . . . .		122,641,194.		169,388,751.
15 Total assets . . . . .		3,470,501,869.		3,627,995,669.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable . . . . .		45,680,257.		42,853,688.
17 Mortgages, notes, bonds payable in less than 1 year . . . . .				
18 Other current liabilities (attach schedule) . . . . .		121,893,726.		160,738,992.
19 Loans from shareholders . . . . .				
20 Mortgages, notes, bonds payable in 1 year or more . . . . .		300,995,927.		280,888,853.
21 Other liabilities (attach schedule) . . . . .		309,130,239.		367,947,428.
22 Capital stock: a Preferred stock . . . . .	15,000,000.		15,000,000.	
b Common stock . . . . .	188,901,379.	203,901,379.	189,332,485.	204,332,485.
23 Additional paid-in capital . . . . .		1,026,348,563.		1,035,738,947.
24 Retained earnings-Appropriated (attach schedule) . . . . .				
25 Retained earnings - Unappropriated . . . . .		1,497,438,746.		1,586,122,086.
26 Adjustments to shareholders' equity (attach schedule) . . . . .		(31,261,155.)		(47,000,997.)
27 Less cost of treasury stock . . . . .		(3,625,813.)		(3,625,813.)
28 Total liabilities and shareholders' equity . . . . .		3,470,501,869.		3,627,995,669.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books . . . . .		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____	
2 Federal income tax per books . . . . .			
3 Excess of capital losses over capital gains . . . . .			
4 Income subject to tax not recorded on books this year (itemize): _____		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation . . . . . \$ _____	
a Depreciation . . . . . \$ _____		b Charitable contributions . \$ _____	
b Charitable contributions . \$ _____			
c Travel and entertainment . \$ _____		9 Add lines 7 and 8 . . . . .	
6 Add lines 1 through 5 . . . . .		10 Income (page 1, line 28) - line 6 less line 9	

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1 Balance at beginning of year . . . . .	1,497,438,746.	5 Distributions: a Cash . . . . .	124,344,804.
2 Net income (loss) per books . . . . .	213,026,346.	b Stock . . . . .	
3 Other increases (itemize): _____		c Property . . . . .	
		6 Other decreases (itemize): _____	
	1,798.	7 Add lines 5 and 6 . . . . .	124,344,804.
4 Add lines 1, 2, and 3 . . . . .	1,710,466,890.	8 Balance at end of year (line 4 less line 7)	1,586,122,086.

**Alternative Minimum Tax - Corporations**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.  
▶ Attach to the corporation's tax return.

**2011**

Name **MDU RESOURCES GROUP, INC.** Employer identification number **41-0423660**

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

<b>1</b>	Taxable income or (loss) before net operating loss deduction	<b>1</b>	-63,968,078.
<b>2</b>	<b>Adjustments and preferences:</b>		
<b>a</b>	Depreciation of post-1986 property	<b>2a</b>	-1,605,634.
<b>b</b>	Amortization of certified pollution control facilities	<b>2b</b>	
<b>c</b>	Amortization of mining exploration and development costs	<b>2c</b>	
<b>d</b>	Amortization of circulation expenditures (personal holding companies only)	<b>2d</b>	
<b>e</b>	Adjusted gain or loss	<b>2e</b>	-571,352.
<b>f</b>	Long-term contracts	<b>2f</b>	
<b>g</b>	Merchant marine capital construction funds	<b>2g</b>	
<b>h</b>	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	<b>2h</b>	
<b>i</b>	Tax shelter farm activities (personal service corporations only)	<b>2i</b>	
<b>j</b>	Passive activities (closely held corporations and personal service corporations only)	<b>2j</b>	
<b>k</b>	Loss limitations	<b>2k</b>	
<b>l</b>	Depletion	<b>2l</b>	
<b>m</b>	Tax-exempt interest income from specified private activity bonds	<b>2m</b>	
<b>n</b>	Intangible drilling costs	<b>2n</b>	
<b>o</b>	Other adjustments and preferences	<b>2o</b>	NONE
<b>3</b>	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	<b>3</b>	-66,145,064.
<b>4</b>	<b>Adjusted current earnings (ACE) adjustment:</b>		
<b>a</b>	ACE from line 10 of the ACE worksheet in the instructions	<b>4a</b>	-65,964,898.
<b>b</b>	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	<b>4b</b>	180,166.
<b>c</b>	Multiply line 4b by 75% (.75). Enter the result as a positive amount	<b>4c</b>	135,125.
<b>d</b>	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive)	<b>4d</b>	7,717,547.
<b>e</b>	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount	<b>4e</b>	135,125.
<b>5</b>	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT.	<b>5</b>	-66,009,939.
<b>6</b>	Alternative tax net operating loss deduction (see instructions)	<b>6</b>	
<b>7</b>	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions.	<b>7</b>	-66,009,939.
<b>8</b>	<b>Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
<b>a</b>	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	<b>8a</b>	NONE
<b>b</b>	Multiply line 8a by 25% (.25)	<b>8b</b>	NONE
<b>c</b>	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	<b>8c</b>	40,000.
<b>9</b>	Subtract line 8c from line 7. If zero or less, enter -0-	<b>9</b>	NONE
<b>10</b>	Multiply line 9 by 20% (.20)	<b>10</b>	NONE
<b>11</b>	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	<b>11</b>	
<b>12</b>	Tentative minimum tax. Subtract line 11 from line 10.	<b>12</b>	NONE
<b>13</b>	Regular tax liability before applying all credits except the foreign tax credit	<b>13</b>	
<b>14</b>	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return	<b>14</b>	

For Paperwork Reduction Act Notice, see the instructions.

# Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, and 1065-B.

Name <b>MDU RESOURCES GROUP, INC.</b>		Employer identification number <b>41-0423660</b>
1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8
9a Check all methods used for valuing closing inventory:		
(i)	<input type="checkbox"/> Cost	
(ii)	<input type="checkbox"/> Lower of cost or market	
(iii)	<input type="checkbox"/> Other (Specify method used and attach explanation.) ▶	
b	Check if there was a writedown of subnormal goods	<input type="checkbox"/>
c	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	<input type="checkbox"/>
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d
e	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

**Future Developments.** The IRS has created a page on IRS.gov for information about Form 1125-A and its instructions at [www.irs.gov/form1125a](http://www.irs.gov/form1125a). Information about any future developments affecting Form 1125-A (such as legislation enacted after we release it) will be posted on that page.

## Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

## Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

## Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

**Exception for certain taxpayers.** If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below),

you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

**Qualifying taxpayer.** A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

**Qualifying small business taxpayer.** A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18, I.R.B. 815.

**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for property.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

**Credit for Federal Tax Paid on Fuels**

▶ See the separate instructions.

**2011**  
Attachment  
Sequence No. **23**

Department of the Treasury  
Internal Revenue Service (99)

▶ For information about Form 4136 and its instructions, go to [www.irs.gov/form4136](http://www.irs.gov/form4136).

Name (as shown on your income tax return)

Taxpayer identification number

MDU RESOURCES GROUP, INC.

41-0423660

**Caution.** Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

**1 Nontaxable Use of Gasoline** Note. CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use	\$ .183	4028	\$ 737.	362
b	Use on a farm for farming purposes	.183			
c	Other nontaxable use (see Caution above line 1)	.183			
d	Exported	.184			411

**2 Nontaxable Use of Aviation Gasoline**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)	\$ .15*		\$	354
b	Other nontaxable use (see Caution above line 1)	.193*			324
c	Exported	.194*			412
d	LUST tax on aviation fuels used in foreign trade	.001			433

\*See instructions for possible rate changes.

**3 Nontaxable Use of Undyed Diesel Fuel**

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

**Exception.** If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	\$ .243	96253	\$ 23,389.	360
b	Use on a farm for farming purposes	.243			
c	Use in trains	.243			
d	Use in certain intercity and local buses (see Caution above line 1)	.17			350
e	Exported	.244			413

**4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)**

Claimant certifies that the kerosene did not contain visible evidence of dye.

**Exception.** If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at \$.244	\$ .243		\$	346
b	Use on a farm for farming purposes	.243			
c	Use in certain intercity and local buses (see Caution above line 1)	.17			
d	Exported	.244			414
e	Nontaxable use taxed at \$.044	.043			377
f	Nontaxable use taxed at \$.219	.218			369

For Paperwork Reduction Act Notice, see the separate instructions.

Form 4136 (2011)

**5 Kerosene Used in Aviation (see Caution above line 1)**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219*	.175*			355
c	Nontaxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Nontaxable use (other than use by state or local government) taxed at \$.219*	.218*			369
e	LUST tax on aviation fuels used in foreign trade	.001			433

\*See instructions for possible rate changes.

**6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel**

Registration No. ►

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243	\$	360
b	Use in certain intercity and local buses	.17		350

**7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation)**

Registration No. ►

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here . . . ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243	\$	346
b	Sales from a blocked pump	.243		
c	Use in certain intercity and local buses	.17		

**8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation**

Registration No. ►

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at \$.219*	\$.175*		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244*	.200			417
c	Nonexempt use in noncommercial aviation	.025*			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219*	.218*			369
f	LUST tax on aviation fuels used in foreign trade	.001			433

\*See instructions for possible rate changes.

**9 Alcohol Fuel Mixture Credit**

Registration No. ►

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Alcohol fuel mixtures containing ethanol	\$ .45*		\$	393
b Alcohol fuel mixtures containing alcohol (other than ethanol)	.60*			394

\* These credits were scheduled to expire December 31, 2011

**10 Biodiesel or Renewable Diesel Mixture Credit**

Registration No. ►

**Biodiesel mixtures.** Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	\$ 1.00*		\$	388
b Agri-biodiesel mixtures	\$ 1.00*			390
c Renewable diesel mixtures	\$ 1.00*			307

\* These credits were scheduled to expire December 31, 2011

**11 Nontaxable Use of Alternative Fuel**

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		\$ .183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

**12 Alternative Fuel Credit and Alternative Fuel Mixture Credit**

Registration No. ►

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	\$ .50*		\$	426
b "P Series" fuels	.50*			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50*			428
d Liquefied hydrogen	.50			429
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50*			430
f Liquid fuel derived from biomass	.50*			431
g Liquefied natural gas (LNG)	.50*			432
h Liquefied gas derived from biomass	.50*			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50*			437

\* These credits were scheduled to expire December 31, 2011.

**13 Registered Credit Card Issuers**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	\$ .243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219*	.218*			369

\*See instructions for possible rate changes.

**14 Nontaxable Use of a Diesel-Water Fuel Emulsion**

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		\$ .197		\$	309
b Exported		.198			306

**15 Diesel-Water Fuel Emulsion Blending**

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$ .046		\$	310

**16 Exported Dyed Fuels and Exported Gasoline Blendstocks**

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001	\$ .001		\$	415
b Exported dyed kerosene	.001			416

**17 Total income tax credit claimed.** Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ►

17 \$ 24,126.

Form **4136** (2011)

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.  
▶ Attach to your tax return.

**2011**  
Attachment  
Sequence No. 22

Name(s) shown on return

MDU RESOURCES GROUP, INC.

Identifying number

41-0423660

**Part I** **Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked . . . . .	1	
2	Passive activity credits from line 2 of all Parts III with box B checked <span style="float:right">2</span> . . . . .		
3	Enter the applicable passive activity credits allowed for 2011 (see instructions) . . . . .	3	
4	Carryforward of general business credit to 2011. Enter the amount from line 2 of Part III with box C checked. See instructions for schedule to attach . . . . .	4	
5	Carryback of general business credit from 2012. Enter the amount from line 2 of Part III with box D checked (see instructions) . . . . .	5	
6	Add lines 1, 3, 4, and 5 . . . . .	6	

**Part II** **Allowable Credit**

7	Regular tax before credits: <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42 . . . . .</li> <li>• Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return . . . . .</li> <li>• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b; or the amount from the applicable line of your return . . . . .</li> </ul>	7	
8	Alternative minimum tax: <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 35 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 14 . . . . .</li> <li>• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56 . . . . .</li> </ul>	8	
9	Add lines 7 and 8 . . . . .	9	
10a	Foreign tax credit . . . . .	10a	
b	Personal credits from Form 1040 or 1040NR (see instructions) . . . . .	10b	
c	Add lines 10a and 10b . . . . .	10c	
11	Net income tax. Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16a . . . . .	11	
12	Net regular tax. Subtract line 10c from line 7. If zero or less, enter -0- . . . . .	12	
13	Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions) . . . . .	13	
14	Tentative minimum tax: <ul style="list-style-type: none"> <li>• Individuals. Enter the amount from Form 6251, line 33 . . . . .</li> <li>• Corporations. Enter the amount from Form 4626, line 12 . . . . .</li> <li>• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54 . . . . .</li> </ul>	14	
15	Enter the greater of line 13 or line 14 . . . . .	15	
16a	Subtract line 15 from line 11. If zero or less, enter -0- . . . . .	16a	
b	For a corporation electing to accelerate the research credit, enter the bonus depreciation amount attributable to the research credit (see instructions) . . . . .	16b	
c	Add lines 16a and 16b . . . . .	16c	
17a	Enter the smaller of line 6 or line 16c . . . . . C corporations: See the line 17a instructions if there has been an ownership change, acquisition, or reorganization.	17a	
b	Enter the smaller of line 6 or line 16a. If you made an entry on line 16b, go to line 17c; otherwise, skip line 17c (see instructions) . . . . .	17b	
c	Subtract line 17b from line 17a. This is the refundable amount for a corporation electing to accelerate the research credit. Include this amount on Form 1120, Schedule J, Part II, line 19c (or the applicable line of your return) . . . . .	17c	

For Paperwork Reduction Act Notice, see separate instructions.

Form **3800** (2011)

**Part III Allowable Credit (Continued)**

Note. If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 26.

18	Multiply line 14 by 75% (.75) (see instructions) . . . . .	18	
19	Enter the greater of line 13 or line 18 . . . . .	19	
20	Subtract line 19 from line 11. If zero or less, enter -0- . . . . .	20	
21	Subtract line 17b from line 20. If zero or less, enter -0- . . . . .	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked . . . . .	22	
23	Passive activity credit from line 3 of all Parts III with box B checked . . . . .	23	
24	Enter the applicable passive activity credit allowed for 2011 (see instructions) . . . . .	24	
25	Add lines 22 and 24 . . . . .	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25 . . . . .	26	
27	Subtract line 13 from line 11. If zero or less, enter -0- . . . . .	27	
28	Add lines 17b and 26. . . . .	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- . . . . .	29	
30	Enter the general business credit from line 5 of all Parts III with box A checked . . . . .	30	3,483,374.
31	Enter the total eligible small business credit from line 6 of all Parts III with box E checked . . . . .	31	
32	Passive activity credits from line 5 of all Parts III with box B checked and line 6 of all Parts III with box F checked . . . . .	32	
33	Enter the applicable passive activity credits allowed for 2011 (see instructions) . . . . .	33	
34	Carryforward of business credit to 2011. Enter the amount from line 5 of Part III with box C checked and line 6 of Part III with box G checked. See instructions for schedule to attach . . . . .	34	
35	Carryback of business credit from 2012. Enter the amount from line 5 of Part III with box D checked and line 6 of Part III with box H checked (see instructions) . . . . .	35	
36	Add lines 30, 31, 33, 34, and 35 . . . . .	36	
37	Enter the smaller of line 29 or line 36 . . . . .	37	
38	Credit allowed for the current year. Add lines 28 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6, and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: <ul style="list-style-type: none"> <li>• Individuals. Form 1040, line 53, or Form 1040NR, line 50 . . . . .</li> <li>• Corporations. Form 1120, Schedule J, Part I, line 5c . . . . .</li> <li>• Estates and trusts. Form 1041, Schedule G, line 2b . . . . .</li> </ul>	38	

**Part III General Business Credits or Eligible Small Business Credits** (see instructions)

Complete a separate Part III for each box checked below. (see instructions)

- A  General Business Credit From a Non-Passive Activity
- B  General Business Credit From a Passive Activity
- C  General Business Credit Carryforwards
- D  General Business Credit Carrybacks
- E  Eligible Small Business Credit From a Non-Passive Activity
- F  Eligible Small Business Credit From a Passive Activity
- G  Eligible Small Business Credit Carryforwards
- H  Eligible Small Business Credit Carrybacks

I If you are filing more than one Part III with box A, B, E, or F checked, complete and attach first an additional Part III combining amounts from all Parts III with box A, B, E, or F checked. Check here if this is the consolidated Part III . . . . .

(a) Description of credit	(b) If claiming the credit from a pass-through entity, enter the EIN	(c) Enter the appropriate amount
<b>Note:</b> On any line where the credit is from more than one source, a separate Part III is needed for each pass-through entity.		
1a Investment (Form 3468, Part II only) (attach Form 3468)	1a	
b Reserved for future use	1b	
c Increasing research activities (Form 6765)	1c	
d Low-income housing (Form 8586, Part I only)	1d	
e Disabled access (Form 8826) (do not enter more than \$5,000 in column (c) of Parts III with box A, B, E, or F checked, combined)	1e	
f Renewable electricity, refined coal, and Indian coal production (Form 8835)	1f	
g Indian employment (Form 8845)	1g	
h Orphan drug (Form 8820)	1h	
i New markets (Form 8874)	1i	
j Small employer pension plan startup costs (Form 8881) (do not enter more than \$500 in column (c) of Parts III with box A, B, E, or F checked, combined)	1j	
k Employer-provided child care facilities and services (Form 8882)	1k	
l Biodiesel and renewable diesel fuels (attach Form 8864)	1l	
m Low sulfur diesel fuel production (Form 8896)	1m	
n Distilled spirits (Form 8906)	1n	
o Nonconventional source fuel (Form 8907)	1o	
p Energy efficient home (Form 8908)	1p	
q Energy efficient appliance (Form 8909)	1q	
r Alternative motor vehicle (Form 8910)	1r	
s Alternative fuel vehicle refueling property (Form 8911)	1s	
t Reserved for future use	1t	
u Mine rescue team training (Form 8923)	1u	
v Agricultural chemicals security (Form 8931) (do not enter more than \$2 million in column (c) of Parts III with box A, B, E, or F checked, combined)	1v	
w Employer differential wage payments (Form 8932)	1w	
x Carbon dioxide sequestration (Form 8933)	1x	
y Qualified plug-in electric drive motor vehicle (Form 8936)	1y	
z Qualified plug-in electric vehicle (Form 8834, Part I only)	1z	
aa New hire retention (Form 5884-B)	1aa	
bb General credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1bb	
zz Other	1zz	
2 Add lines 1a through 1zz and enter here	2	
3 Enter the amount from Form 8844	3	
4a Investment (Form 3468, Part III) (attach Form 3468)	4a	
b Work opportunity (Form 5884)	4b	
c Alcohol and cellulosic biofuel fuels (Form 6478)	4c	
d Low-income housing (Form 8586, Part II)	4d	
e Renewable electricity, refined coal, and Indian coal production (Form 8835)	4e	3,483,374.
f Employer social security and Medicare taxes paid on certain employee tips (Form 8846)	4f	
g Qualified railroad track maintenance (Form 8900)	4g	
h Small employer health insurance premiums (Form 8941)	4h	
i Reserved for future use	4i	
j Reserved for future use	4j	
z Other	4z	
5 Add lines 4a through 4z and enter here	5	3,483,374.
6 Add lines 2, 3, and 5	6	3,483,374.

**SCHEDULE D  
(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

**2011**

Name

MDU RESOURCES GROUP, INC.

Employer identification number

41-0423660

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term gain or (loss) from like-kind exchanges from Form 8824				3
4	Unused capital loss carryover (attach computation)				4 ( )
5	Net short-term capital gain or (loss). Combine lines 1 through 4				5

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

6					
7	Enter gain from Form 4797, line 7 or 9				7
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8
9	Long-term gain or (loss) from like-kind exchanges from Form 8824				9
10	Capital gain distributions (see instructions)				10 -215.
11	Net long-term capital gain or (loss). Combine lines 6 through 10				11 -215.

**Part III Summary of Parts I and II**

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)				12
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)				13
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns				14 NONE

Note. If losses exceed gains, see *Capital losses* in the instructions.

Name of corporation (common parent, if consolidated return) **MDU RESOURCES GROUP, INC.** Employer identification number **41-0423660**

Check applicable box(es): (1)  Consolidated group (2)  Parent corp (3)  Consolidated eliminations (4)  Subsidiary corp (5)  Mixed 1120/LPC group

Check if a sub-consolidated: (6)  1120 group (7)  1120 eliminations

Name of subsidiary (if consolidated return) \_\_\_\_\_ Employer identification number \_\_\_\_\_

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)**

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations . . . . .				
2 Gross foreign dividends not previously taxed . . . . .				
3 Subpart F, QEF, and similar income inclusions . . . . .				
4 Section 78 gross-up . . . . .				
5 Gross foreign distributions previously taxed . . . . .				
6 Income (loss) from equity method U.S. corporations . . . . .				
7 U.S. dividends not eliminated in tax consolidation . . . . .	124.	110.		234.
8 Minority interest for includible corporations . . . . .				
9 Income (loss) from U.S. partnerships . . . . .		-2,595.		-2,595.
10 Income (loss) from foreign partnerships . . . . .				
11 Income (loss) from other pass-through entities . . . . .				
12 Items relating to reportable transactions (attach details) . . . . .				
13 Interest income (attach Form 8918-A) . . . . .	1,717,863.	2,698.		1,720,561.
14 Total accrual to cash adjustment . . . . .				
15 Hedging transactions . . . . .				
16 Mark-to-market income (loss) . . . . .				
17 Cost of goods sold (attach Form 8916-A) . . . . .	( 375,928,608. )	171,078.		( 375,757,530. )
18 Sale versus lease (for sellers and/or lessors) . . . . .				
19 Section 481(a) adjustments . . . . .				
20 Unearned/deferred revenue . . . . .				
21 Income recognition from long-term contracts . . . . .				
22 Original issue discount and other imputed interest . . . . .				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .	233,151.	-233,151.		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .		261,322.		261,322.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .		-723,510.		-723,510.
e Abandonment losses . . . . .				
f Worthless stock losses (attach details) . . . . .				
g Other gain/loss on disposition of assets other than inventory . . . . .				
24 Capital loss limitation and carryforward used . . . . .				
25 Other income (loss) items with differences (attach schedule) . . . . .	177,700,849.	938,460.	-77,983,488.	100,655,821.
26 Total income (loss) items. Combine lines 1 through 25 . . . . .	-196,276,621.	414,412.	-77,983,488.	-273,845,697.
27 Total expense/deduction items (from Part III, line 38) . . . . .	-81,365,993.	-106,783,095.	9,311,913.	-178,837,175.
28 Other items with no differences . . . . .	490,668,960.			490,668,960.
29a Mixed groups, see instructions. All others, combine lines 26 through 28 . . . . .	213,026,346.	-106,368,683.	-68,671,575.	37,986,088.
b PC insurance subgroup reconciliation totals . . . . .				
c Life insurance subgroup reconciliation totals . . . . .				
30 Reconciliation totals. Combine lines 29a through 29c . . . . .	213,026,346.	-106,368,683.	-68,671,575.	37,986,088.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) <b>MDU RESOURCES GROUP, INC.</b>				Employer identification number <b>41-0423660</b>
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input checked="" type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group				
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations				
Name of subsidiary (if consolidated return)				Employer identification number

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)**

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .	-14,126,746.		14,126,746.	
2 U.S. deferred income tax expense . . . . .	20,002,343.		-20,002,343.	
3 State and local current income tax expense . . . . .	-1,129,998.		-2,549,756.	-3,679,754.
4 State and local deferred income tax expense . . . . .	1,852,302.		-1,852,302.	
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Interest expense (attach Form 9916-A) . . . . .	26,981,392.	671,222.		27,652,614.
9 Stock option expense . . . . .				
10 Other equity-based compensation . . . . .		14,165.	941,937.	956,102.
11 Meals and entertainment . . . . .	278,532.		-139,266.	139,266.
12 Fines and penalties . . . . .				
13 Judgments, damages, awards, and similar costs . . . . .				
14 Parachute payments . . . . .				
15 Compensation with section 162(m) limitation . . . . .				
16 Pension and profit-sharing . . . . .		23,699,008.		23,699,008.
17 Other post-retirement benefits . . . . .				
18 Deferred compensation . . . . .		359,297.		359,297.
19 Charitable contribution of cash and tangible property . . . . .	348,803.			348,803.
20 Charitable contribution of intangible property . . . . .				
21 Charitable contribution limitation/carryforward . . . . .				
22 Domestic production activities deduction . . . . .				
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs . . . . .				
26 Amortization/impairment of goodwill . . . . .				
27 Amortization of acquisition, reorganization, and start-up costs . . . . .				
28 Other amortization or impairment write-offs . . . . .	1,862,919.	-1,859,793.		3,126.
29 Section 198 environmental remediation costs . . . . .				
30 Depletion . . . . .				
31 Depreciation . . . . .	38,160,615.	72,461,665.		110,622,280.
32 Bad debt expense . . . . .		-6,596.		-6,596.
33 Corporate owned life insurance premiums . . . . .				
34 Purchase versus lease (for purchasers and/or lessees) . . . . .				
35 Research and development costs . . . . .		52,628.		52,628.
36 Section 118 exclusion (attach schedule) . . . . .				
37 Other expense/deduction items with differences (attach schedule) . . . . .	7,135,831.	11,391,499.	163,071.	18,690,401.
<b>38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive . . . . .</b>	<b>81,365,993.</b>	<b>106,783,095.</b>	<b>-9,311,913.</b>	<b>178,837,175.</b>



**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment  
Sequence No. **179**

Name(s) shown on return

Identifying number

MDU RESOURCES GROUP, INC.

41-0423660

Business or activity to which this form relates

**General Depreciation and Amortization**

**Part I Election To Expense Certain Property Under Section 179**

*Note: If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12	13	

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.*

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	65,718,228.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,214,593.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	43,519,048.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2011 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		81,487.	5.000	HY	200 DB	16,297.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property		284,667.	27.5 yrs.	MM	S/L	3,020.
		191,623.	39 yrs.	MM	S/L	2,511.

**Section C - Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	148,583.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	110,622,280.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?  Yes  No 24b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/Investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) . . . . .							25	88,480.
26 Property used more than 50% in a qualified business use:								
LISTED PROP		100 %	3,667,373.		5.0	200 DB-HY	60,103.	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . . . . .							28	148,583.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							29	

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles) . . . . .												
31 Total commuting miles driven during the year . . . . .												
32 Total other personal (noncommuting) miles driven . . . . .												
33 Total miles driven during the year. Add lines 30 through 32 . . . . .												
34 Was the vehicle available for personal use during off-duty hours? . . . . .												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
36 Is another vehicle available for personal use? . . . . .												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
39 Do you treat all use of vehicles by employees as personal use? . . . . .		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year . . . . .				43	3,126.
44 Total. Add amounts in column (f). See the instructions for where to report . . . . .				44	3,126.



**Sales of Business Property**  
 (Also Involuntary Conversions and Recapture Amounts  
 Under Sections 179 and 280F(b)(2))  
 ▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return: MDU RESOURCES GROUP, INC. Identifying number: 41-0423660

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . . 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)**

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
							-821,002.

3 Gain, if any, from Form 4684, line 39 . . . . . 3

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . . 4

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . . 5

6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 33,157.

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . . 7 -787,845.  
 Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.  
**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . . 8

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . . 9

**Part II Ordinary Gains and Losses (see instructions)**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

							-105,883.
--	--	--	--	--	--	--	-----------

11 Loss, if any, from line 7 . . . . . 11 ( 787,845.)

12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . . 12

13 Gain, if any, from line 31 . . . . . 13 431,755.

14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . . 14

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . 15

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . . 16

17 Combine lines 10 through 16 . . . . . 17 -461,973.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . . 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

100

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A PART III PROPERTY	VARIOUS	VARIOUS
B PART III PROPERTY	VARIOUS	VARIOUS
C PART III PROPERTY	VARIOUS	VARIOUS
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 28,542.	221,034.	253,728.	
21	Cost or other basis plus expense of sale	21 338,955.	187,877.	3,558,424.	
22	Depreciation (or depletion) allowed or allowable	22 333,387.	166,700.	3,546,777.	
23	Adjusted basis. Subtract line 22 from line 21	23 5,568.	21,177.	11,647.	
24	Total gain. Subtract line 23 from line 20	24 22,974.	199,857.	242,081.	
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a 333,387.	166,700.	3,546,777.	
b	Enter the smaller of line 24 or 25a	25b 22,974.	166,700.	242,081.	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	464,912.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	431,755.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	33,157.

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation (see instructions)	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

**Like-Kind Exchanges**  
(and section 1043 conflict-of-interest sales)

▶ Attach to your tax return.

Name(s) shown on tax return

Identifying number

MDU RESOURCES GROUP, INC.

41-0423660

**Part I Information on the Like-Kind Exchange**

Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

1 Description of like-kind property given up:

WORK EQUIPMENT

2 Description of like-kind property received:

3 Date like-kind property given up was originally acquired (month, day, year) . . . . .

3

4 Date you actually transferred your property to other party (month, day, year) . . . . .

4

5 Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written identification requirement . . . . .

5

6 Date you actually received the like-kind property from other party (month, day, year). See instructions

6

7 Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III . . . . .

Yes  No

**Part II Related Party Exchange Information**

8 Name of related party

Relationship to you

Related party's identifying number

Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of any part of the like-kind property received from you (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (such as through an intermediary), that became your replacement property? . . . . .

Yes  No

10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received? . . . . .

Yes  No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is not the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 unless one of the exceptions on line 11 applies.

11 If one of the exceptions below applies to the disposition, check the applicable box:

a  The disposition was after the death of either of the related parties.

b  The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.

c  You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as one of its principal purposes. If this box is checked, attach an explanation (see instructions).

Name(s) shown on tax return. Do not enter name and social security number if shown on other side.

Your social security number

MDU RESOURCES GROUP, INC.

41-0423660

**Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received**

**Caution:** If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.

**Note:** Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up . . . . .	12	
13	Adjusted basis of other property given up . . . . .	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale . . . . .	14	
<b>Caution:</b> If the property given up was used previously or partly as a home, see Property used as home in the instructions.			
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions) . . . . .	15	
16	FMV of like-kind property you received . . . . .	16	3,294,459.
17	Add lines 15 and 16 . . . . .	17	3,294,459.
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15 (see instructions) . . . . .	18	718,566.
19	Realized gain or (loss). Subtract line 18 from line 17. . . . .	19	2,575,893.
20	Enter the smaller of line 15 or line 19, but not less than zero. . . . .	20	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions) . . . . .	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions) . . . . .	22	
23	Recognized gain. Add lines 21 and 22 . . . . .	23	
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions . . . . .	24	2,575,893.
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 . . . . .	25	718,566.

**Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales**

**Note:** This part is to be used only by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government (including certain spouses, minor or dependent children, and trustees as described in section 1043) for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property is more than the basis of the divested property.

26	Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.) . . . . .		
27	Description of divested property ▶		
28	Description of replacement property ▶		
29	Date divested property was sold (month, day, year) . . . . .	29	
30	Sales price of divested property (see instructions) . . . . .	30	
31	Basis of divested property . . . . .	31	
32	Realized gain. Subtract line 31 from line 30 . . . . .	32	
33	Cost of replacement property purchased within 60 days after date of sale . . . . .	33	
34	Subtract line 33 from line 30. If zero or less, enter -0- . . . . .	34	
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions) . . . . .	35	
36	Subtract line 35 from line 34. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797 (see instructions) . . . . .	36	
37	Deferred gain. Subtract the sum of lines 35 and 36 from line 32 . . . . .	37	
38	Basis of replacement property. Subtract line 37 from line 33. . . . .	38	

# Renewable Electricity, Refined Coal, and Indian Coal Production Credit

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Attachment  
Sequence No. **95**

Name(s) shown on return

Identifying number

MDU RESOURCES GROUP, INC.

41-0423660

**Part I Electricity Produced at Qualified Facilities Placed in Service Before October 23, 2004**

1	Kilowatt-hours produced and sold (see instructions) . . . . .	x 0.022	1
2	Phaseout adjustment (see instructions) . . . . .	\$ . . . . . x	2
3	Credit before reduction. Subtract line 2 from line 1 . . . . .		3
<b>Reduction for government grants, subsidized financing, and other credits:</b>			
4	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions), . . . . .		4
5	Total of additions to the capital account for the project for this and all prior tax years . . . . .		5
6	Divide line 4 by line 5. Show as a decimal carried to at least 4 places . . . . .		6
7	Multiply line 3 by line 6 . . . . .		7
8	Subtract line 7 from line 3 . . . . .		8
9	Part I renewable electricity production credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .		9
10	Add lines 8 and 9. Cooperatives, estates, and trusts, go to line 11. Partnerships and S corporations, report this amount on Schedule K. All others, report this amount on Form 3800, line 1f (see instructions)		10
11	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)		11
12	Cooperatives, estates, and trusts, subtract line 11 from line 10. Report this amount on Form 3800, line 1f		12

**Part II Electricity and Refined Coal Produced at Qualified Facilities Placed in Service After October 22, 2004 (After October 2, 2008, for Electricity Produced From Marine and Hydrokinetic Renewables), and Indian Coal Produced at Facilities Placed in Service After August 8, 2005**

		(a) Kilowatt-hours produced and sold (see instructions)	(b) Rate	(c) Column (a) x Column (b)	
13	Electricity produced at qualified facilities using:				
a	Wind . . . . .	13a 158335173	0.022	3,483,374.	
b	Closed-loop biomass . . . . .	13b	0.022		
c	Geothermal . . . . .	13c	0.022		
d	Solar . . . . .	13d	0.022		
e	Add column (c) of lines 13a through 13d and enter here . . . . .				13e 3,483,374.
14	Electricity produced at qualified facilities using:				
a	Open-loop biomass . . . . .	14a	0.011		
b	Small irrigation power . . . . .	14b	0.011		
c	Landfill gas . . . . .	14c	0.011		
d	Trash . . . . .	14d	0.011		
e	Hydropower . . . . .	14e	0.011		
f	Marine and hydrokinetic renewables . . . . .	14f	0.011		
g	Add column (c) of lines 14a through 14f and enter here . . . . .				14g
15	Add lines 13e and 14g . . . . .				15 3,483,374.
16	Phaseout adjustment (see instructions) . . . . .	\$ . . . . .		x	16
17	Subtract line 16 from line 15 . . . . .				17 3,483,374.
<b>Refined coal produced at a qualified refined coal production facility</b>					
18	Tons produced and sold (see instructions) . . . . .			x \$6.33	18
19	Phaseout adjustment (see instructions) . . . . .	\$ . . . . .		x	19
20	Subtract line 19 from line 18 . . . . .				20
<b>Steel industry fuel produced at a qualified refined coal production facility</b>					
21	Barrel-of-oil equivalents produced and sold (see instructions) . . . . .			x \$2.89	21
<b>Indian coal produced at a qualified Indian coal production facility</b>					
22	Tons produced and sold (see instructions) . . . . .			x \$2.20	22
23	Credit before reduction. Add lines 17, 20, 21, and 22 . . . . .				23 3,483,374.

For Paperwork Reduction Act Notice, see separate instructions.

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Reduction for government grants, subsidized financing, and other credits:		
24	Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any federal tax credits allowed for the project for this and all prior tax years (see instructions) . . . . .	24
25	Total of additions to the capital account for the project for this and all prior tax years . . . . .	25
26	Divide line 24 by line 25. Show as a decimal carried to at least 4 places . . . . .	26
27	Multiply line 23 by the smaller of 1/2 or line 26 . . . . .	27
28	Subtract line 27 from line 23 . . . . .	28
29	Part II renewable electricity, refined coal, and Indian coal production credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .	29
30	Add lines 28 and 29. Cooperatives, estates, and trusts, go to line 31. Partnerships and S corporations, report this amount on Schedule K. All others: For electricity, refined coal, or Indian coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 4e. For all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f (see instructions) . . . . .	30
31	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .	31
32	Cooperatives, estates, and trusts, subtract line 31 from line 30. For electricity, refined coal, or Indian coal produced during the 4-year period beginning on the date the facility was placed in service, report the applicable part of this amount on Form 3800, line 4e. For all other production of electricity, refined coal, or Indian coal, report the applicable part of this amount on Form 3800, line 1f . . . . .	32

**Supplemental Attachment to Schedule M-3**

**2011**

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent	Employer identification number
<u>MDU RESOURCES GROUP, INC.</u>	<u>41-0423660</u>
Name of subsidiary	Employer identification number

**Part I Cost of Goods Sold**

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions . . . . .				
2 Amounts attributable to:				
a Stock option expense . . . . .				
b Other equity based compensation . . . . .				
c Meals and entertainment . . . . .				
d Parachute payments . . . . .				
e Compensation with section 162(m) limitation . . . . .				
f Pension and profit sharing . . . . .				
g Other post-retirement benefits . . . . .				
h Deferred compensation . . . . .				
i Section 198 environmental remediation costs . . . . .				
j Amortization . . . . .				
k Depletion . . . . .				
l Depreciation . . . . .				
m Corporate owned life insurance premiums . . . . .				
n Other section 263A costs . . . . .		-171,078.		-171,078.
3 Inventory shrinkage accruals . . . . .				
4 Excess inventory and obsolescence reserves . . . . .				
5 Lower of cost or market write-downs . . . . .				
6 Other items with differences (attach schedule) . . . . .				
7 Other items with no differences	375,928,608.			375,928,608.
8 Total cost of goods sold. Add lines 1 through 7, in columns a, b, c, and d . . . . .	375,928,608.	-171,078.		375,757,530.

For Paperwork Reduction Act Notice, see page 4.

Form 8916-A (2011)

**Part II Interest Income**

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group				
5	Other interest income	1,717,863.	2,698.		1,720,561.
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	1,717,863.	2,698.		1,720,561.

**Part III Interest Expense**

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense	26,981,392.	671,222.		27,652,614.
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	26,981,392.	671,222.		27,652,614.

**Report of Employer-Owned Life Insurance Contracts**

OMB No. 1545-2089

Attachment  
 Sequence No. **160**

▶ Attach to the policyholder's tax return - See instructions.

Name(s) as shown on return		Identifying number	
MDU RESOURCES GROUP, INC.		41-0423660	
Name of policyholder, if different from above		Identifying number, if different from above	
MDU RESOURCES GROUP, INC BENEFITS PROTECTION TRUST			
Type of business			
ENERGY SERVICES			
1	Enter the number of employees the policyholder had at the end of the tax year . . . . .	1	8,021.
2	Enter the number of employees included on line 1 who were insured at the end of the tax year under the policyholder's employer-owned life insurance contract(s) issued after August 17, 2006. See Section 1035 exchanges on page 2 for an exception . . . . .	2	7.
3	Enter the total amount of employer-owned life insurance in force at the end of the tax year for employees who were insured under the contract(s) specified on line 2 . . . . .	3	9,805,811.
4a	Does the policyholder have a valid consent (see instructions) for each employee included on line 2? . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
b	If "No," enter the number of employees included on line 2 for whom the policyholder does not have a valid consent . . . . .	4b	

**General Instructions**

Section references are to the Internal revenue Code unless otherwise noted.

**Purpose of Form**

Use Form 8925 to report the number of employees covered by employer-owned life insurance contracts issued after August 17, 2006, and the total amount of employer-owned life insurance in force on those employees at the end of the tax year. Policyholders must also indicate whether a valid consent has been received from each covered employee, and the number of covered employees for which a valid consent has not been received.

See sections 101(j) and 6039I, and Notice 2009-48, 2009-24 I.R.B. 1085, for more information.

**Definitions**

**Employer-owned life insurance contract.** For purposes of Form 8925, an insurance contract is an employer-owned life insurance contract if it is owned by a policyholder as defined below, and covers the life of the policyholder's employee(s) on the date the life insurance contract is issued. If you have master contracts, see section 101(j)(3) for additional information.

**Policyholder.** For purposes of Form 8925 and these instructions, a policyholder is an "applicable policyholder" as defined in section 101(j)(3)(B). Generally, a policyholder is the person who owns the employer-owned life insurance contract, and who is (a) engaged in a trade or business

that employs the person insured under the employer-owned life insurance contract and (b) the direct or indirect beneficiary of the employer-owned life insurance contract.

**Related person.** A related person is considered a policyholder if that person is (a) related to the policyholder (defined earlier) under sections 267(b) or 707(b) (1), or (b) engaged in a trade or business under common control with the policyholder. See sections 52(a) and (b).

**Employee.** Employee includes an officer, director, or highly compensated employee under section 414(q).

**Insured.** An individual must be a U.S. citizen or resident to be considered insured under an employer-owned life insurance contract. Both individuals covered by a contract covering the joint lives of two individuals are considered insured.

**Notice and consent requirements.** To qualify as an employer-owned life insurance contract, the policyholder must meet the notice and consent requirements listed below before the issuance of the contract.

1. Provide written notification to the employee stating the policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued.

The written notification must include a disclosure of the face amount of life insurance, either in dollars or as a multiple of salary, that the policyholder

reasonably expects to purchase with regard to the employee during the course of the employee's tenure. Additional notice and consent are required if the aggregate face amount of the employer-owned life insurance contracts with regard to an employee exceeds the amount of which the employee was given notice and to which the employee consented. See Q&A-9 and Q&A-12 in Notice 2009-48.

2. Provide written notification to the employee that the policyholder will be a beneficiary of any proceeds payable upon the death of the employee.

3. Received written consent from the employee. See *Valid consent* under the instructions for line 4a.

**Electronic notification and consent.**

The written notification and consent requirement can be met electronically only if the system for electronic notification and consent meets requirements 1 through 3, above. See Q&A-11 in Notice 2009-48 for more information.

**Issue date of contract.** Generally, the issue date of a life insurance contract is the date on the policy assigned by the insurance company on or after the date of application. For purposes of meeting the notice and consent requirements, the issue date of the employer-owned life insurance contract is the later of (1) the date of application of coverage, (2) the effective date of coverage, or (3) the formal issuance of the contract. See Q&A-4 in Notice 2009-48 for more information.

Form 1120, Page 1 Detail

-----  
Line 10 - Other income  
-----

Intercompany gain/loss	360,104.
Net merchandise income (loss)	1,389,701.
Ordinary income(loss) from jt ventures & ptrshps	-2,595.
Other income with differences	-1,478,283.
Other income	5,313,434.
	-----
Total	5,582,361.
	=====

Form 1120, Page 1 Detail

-----  
Line 17 - Taxes and licenses  
-----

Miscellaneous taxes	12,710,354.
Payroll taxes	3,663,910.
State and local income taxes	-3,679,754.
	-----
Total	12,694,510.
	=====

Form 1120, Page 1 Detail

Line 19 - Current year contributions

Community programs	348,803.
Total	348,803.

Line 26 - Other deductions

Amortization	3,126.
Travel, meals and entertainment	139,266.
Vacation expense	-128,080.
Accrued bonus	-605,393.
Kesop incentive compensation	956,102.
General operating expenses	-278,532.
Restricted stock bonus plan - dividends	-2,844,138.
Deferred compensation - net payment	359,297.
Other deductions	12,491,226.
Repairs Expense	13,259,442.
Contributions in aid of construction	-3,579,876.
Federal nonhighway use tax credit	-24,689.
Purchase Gas Adjustment	280,268.
Rate Case	-105,731.
Total	19,922,288.



## Form 1120, Page 5 Detail

Sch L, Line 6 - Other current assets	Beginning	Ending
Exchange gas receivable	4,628,443.	4,746,569.
Accrued unbilled revenue	37,326,027.	31,824,895.
Other prepayments & current assets	4,115,526.	4,750,703.
<b>Total</b>	<b>46,069,996.</b>	<b>41,322,167.</b>
Sch L, Line 9 - Other investments		
Investment in subsidiaries	2,336,133,125.	2,402,890,906.
Other investments	48,037,820.	47,834,765.
<b>Total</b>	<b>2,384,170,945.</b>	<b>2,450,725,671.</b>
Sch L, Line 14 - Other assets		
Unamortized debt expense	10,692,234.	9,893,062.
Deferred income taxes		1,764.
Other deferred charges	111,948,960.	159,493,925.
<b>Total</b>	<b>122,641,194.</b>	<b>169,388,751.</b>
Sch L, Line 18 - Other current liabilities		
Accrued dividends	30,772,550.	31,794,172.
Accrued income taxes	4,935,817.	18,303,603.
Other current liabilities	86,185,359.	110,641,217.
<b>Total</b>	<b>121,893,726.</b>	<b>160,738,992.</b>
Sch L, Line 21 - Other liabilities		
Deferred income taxes	104,194,695.	137,751,046.
Unamortized itc	797,879.	871,217.
Other deferred credits	197,823,194.	127,637,201.
Other noncurrent liabilities	6,314,471.	101,687,964.
<b>Total</b>	<b>309,130,239.</b>	<b>367,947,428.</b>

Form 1120, Page 5 Detail

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Sch L, Line 26 - Adjustments to shareholders' equity	Beginning	Ending
----- Accumulated other comprehensive inc	----- -31,261,155.	----- -47,000,997.
Total	----- -31,261,155.	----- -47,000,997.

=====

Form 1120, Page 5 Detail

Sch M-2, Line 3 - Other increases

OTHER INCREASES	1,798.
Total	1,798.

Form 1125-A Detail

=====

Line 5 - Other costs

-----

Power generation	153,011,382.
Gas purchased	222,917,226.
COGS	-171,078.
	-----
Total	375,757,530.
	=====

Schedule D Detail

Line 10 - Capital Gains Distributions

Name of Payer	Amount
FROM SCHEDULE K-1	-215.
Total Capital Gains Distributions	-215.

1/0

Schedule M-3, Part II Detail

Line 25 - Other income (loss) items with differences

Description	Income (Loss) Per Income Stmt	Temporary Difference	Permanent Difference	Income (Loss) Per Tax Return
OTHER INCOME/LOSS ITEMS WITH DIFFERENCES		578,356.	-2,056,639.	-1,478,283.
INCOME FROM SUBSIDIARIES	177,700,849.		-177,700,849.	
DIVIDEND INCOME			101,774,000.	101,774,000.
G/L ON INTERCO TRANS UNDER REG SEC 1.150		360,104.		360,104.
Total	177,700,849.	938,460.	-77,983,488.	100,655,821.

Schedule M-3, Part III Detail

Line 37 - Other expense/deduction items with differences

Description	Expense Per Income Stmt	Temporary Difference	Permanent Difference	Deduction Per Tax Return
ACCRUED COMPENSATION		-605,393.		-605,393.
LOBBYING	72,449.		-72,449.	
REPAIRS & MAINTENANCE		13,259,442.		13,259,442.
FEDERAL NONHIGHWAY USE TAX CREDIT			-24,689.	-24,689.
VACATION PAY		-128,080.		-128,080.
PURCHASE GAS ADJUSTMENT		280,268.		280,268.
RATE CASE		-105,731.		-105,731.
RESTRICTED STOCK BONUS PLAN EXPENSE		580,273.	-3,424,411.	-2,844,138.
OTHER EXPENSES	7,063,382.	-1,889,280.	3,684,620.	8,858,722.
Total	7,135,831.	11,391,499.	163,071.	18,690,401.

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Form 4797, Page 1 Detail

=====  
 Line 2 - Most Property Held More Than 1 Year  
 =====

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART I PROPERTY	VARIOUS	VARIOUS	18,036.	32,977.	63,903.	-12,890.
PART I PROPERTY	VARIOUS	VARIOUS	286,024.	4,770,344.	6,092,859.	-1,036,491.
PART I PROPERTY	VARIOUS	VARIOUS	249,939.		21,560.	228,379.
Part I 4797 Gains and Losses						-821,002.

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Form 4797, Page 1 Detail

=====  
Line 10 - Ordinary Gains and Losses  
=====

Property Description	Date Acq	Date Sold	Sales Price	Depreciation	Cost or Basis	Gain or Loss
PART II PROPERTY	VARIOUS	VARIOUS		359,495.	457,714.	-98,219.
PART II PROPERTY	VARIOUS	VARIOUS	858.	3,218,919.	3,227,441.	-7,664.
Part II 4797 Ordinary Gains and Losses						-105,883.

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**MONTANA-DAKOTA UTILITIES CO.  
MONTANA PUBLIC SERVICE COMMISSION  
DATA REQUEST  
DATED DECEMBER 21, 2012  
DOCKET NO. D2012.9.100**

**PSC-030**

**Regarding: Clubs and Organizations  
Witness: Applicable Witness**

**Please provide a list of all clubs and organizations for which dues or memberships were paid by MDU in 2011, amount, and the amount included in recovery in this rate case.**

**Response:**

Please see Statement G, Rule 38.5.157, page 11 and Statement Workpapers, Statement G, pages 68-80.

**MONTANA-DAKOTA UTILITIES CO.  
MONTANA PUBLIC SERVICE COMMISSION  
DATA REQUEST  
DATED DECEMBER 21, 2012  
DOCKET NO. D2012.9.100**

**PSC-031**

**Regarding: FTE Employees  
Witness: Applicable Witness**

**Using full-time employee equivalents please provide, for MDU, year-end employee counts, by department, for the years 2010 through 2011. Also provide the current employee count.**

- a. For those years that reflect increased staffing levels, please provide a narrative detailing the circumstances that warranted the hiring of the additional personnel.**
- b. Please provide any analysis performed, at the division or corporate level, to determine necessary staffing levels.**
- c. If the current staffing level is lower than YE 2009, please explain if wages/salaries included in the cost of service have been adjusted to reflect the lower staffing. If not, please explain.**

**Response:**

- a. Please see Attachment A.**
- b. Prior to Montana-Dakota filling any position, whether a replacement or an additional position, each position is reviewed and the need for the position is justified. All replacement or additional positions require approval from Montana-Dakota's President prior to filling the position.**
- c. Yes.**

**Montana-Dakota Utilities FTE Counts**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operations	466	455	452	459 j/
Electric Supply	132	135 c/	142 g/	145 k/
Gas Supply	17	20 d/	14	15 l/
Controller	31	34 e/	52 h/	55 m/
Human Resources/Executive	24 a/	18	17	17
Utility Support	216 b/	262 f/	300 i/	329 n/
	<u>886</u>	<u>924</u>	<u>977</u>	<u>1,020</u>

- a/ Added two Training & Safety Coordinators to be located in field offices.
- b/ Continued integration at the four Utility companies by adding Administrative Services and Customer Service to Utility Support. Five Customer Service Centers at three companies were merged into one at Montana-Dakota
- c/ Added two Lead Wind Technicians due to new wind farm in operation; two additional positions filled in early 2010 that were vacated in late 2009.
- d/ Added Energy Conservation Specialist and Administrative Assistant for new Conservation program; Added Gas Systems Coordinator and Gas Supply Analyst II due to increased workload from Utility integration.
- e/ Added Part-time Office Assistant due to increased workload from Utility integration; filled two positions in early 2010 that were vacated in late 2009.
- f/ Continued growing Customer Service Center as call centers at Intermountain, Cascade and Bismarck were closed.
- g/ Added Electrician and Operator positions at Power Plant to continue to meet OSHA and state regulations. Also added Land Agent and Engineer to assist with increase load requirements in the field.
- h/ Regulatory Affairs moved to Controller responsibility. Also added Accounting Technicians positions due to centralization of the Accounting function.
- i/ Continued to grow Customer Service Center to meet increased customer needs.
- j/ Operation field personnel added to meet increased customer demand in the Bakken area.
- k/ Added additional engineers and substation employees to meet increased load requirements in the Bakken area.
- l/ Added Gas Systems Coordinators due to the centralization of gas scheduling duties.
- m/ Added 2 Regulatory Analyst positions due to increased activities. Added Accounting Technician due to accounting centralization.
- n/ Added additional Customer Service positions to meet customer demand. Also integrated the GIS function of the four Utility Companies.

**MONTANA-DAKOTA UTILITIES CO.  
MONTANA PUBLIC SERVICE COMMISSION  
DATA REQUEST  
DATED DECEMBER 21, 2012  
DOCKET NO. D2012.9.100**

**PSC-032**

**Regarding: Medical Insurance**

**Witness: Applicable Witness**

**Please provide narrative detailing any and all efforts undertaken by MDU and its operating divisions to contain the costs of company provided medical insurance.**

**Response:**

In 2010, in an effort to control future benefit costs while providing competitive and sustainable benefits, Montana-Dakota initiated certain changes. In 2010, the Company changed the retiree medical benefits offered for active employees where the cost savings will be realized in future years as active employees retire from the Company.

In 2011 Montana-Dakota moved its benefits from a three tier premium structure to a five tier premium structure in order to align employee premiums with the groups where costs were being incurred. The Catastrophic Plan was added as an option for its employees that placed the burden of the annual deductible and out-of-pocket maximum on the employee.

In 2012 Montana-Dakota introduced a Health Savings Account (HSA) as a choice for its employees and dropped the Catastrophic Plan. The HSA medical plan puts the burden of initial costs of benefits (deductibles and out-of-pocket expenses) on the employee where the first dollar charges are often paid by the employee and therefore, maintains the current cost of its medical benefits plan.

**MONTANA-DAKOTA UTILITIES CO.  
MONTANA PUBLIC SERVICE COMMISSION  
DATA REQUEST  
DATED DECEMBER 21, 2012  
DOCKET NO. D2012.9.100**

**PSC-039**

**Regarding: Regulated and non-regulated expenses**

**Witness: Jones**

- a. How do employees report their time between regulated and non-regulated activities?**
- b. How are the travel costs for employees reported for regulated and non-regulated activities?**
- c. Provide an example of how this is reported.**

**Response:**

- a. Operations employees fill out time cards with 15 minute time increments. If employees work on a utility project, they reference a project number or specific type of work. If they work on a non-utility order, the time is recorded to that order. Work such as training, staff meetings, or leave, is assigned as Standard Labor Distribution (SLD) which is based on the historic split of their time between time codes.
- b. Employees charge their time and mileage to the activity that is assigned. If employees travel to a utility job, they charge the utility project. If they travel to a non-utility job, the non-utility job is charged. When there is cross-over between utility and non-utility, a technician travels to both utility and non-utility jobs in one trip. This is normally handled by charging the project that caused the travel. For example, if a technician has utility work at a premise and notices that an annual furnace inspection is due at the premise while there, the non-utility work would be considered an 'add-on' and not charged.
- c. Please see Attachment A for a copy of a time card.



**MONTANA-DAKOTA UTILITIES CO.  
MONTANA PUBLIC SERVICE COMMISSION  
DATA REQUEST  
DATED DECEMBER 21, 2012  
DOCKET NO. D2012.9.100**

**PSC-040**

**Regarding: Gas/Oil Exploration**

**Witness: Senger**

- a. Do MT natural gas customers pay for any exploration costs?**
- b. If so please provide the explanation customers should bear this risk.**
- c. If so please provide the allocated amount of exploration costs MT natural gas customers are being charged.**

**Response:**

- a. No. Montana-Dakota is not involved in gas exploration.**
- b. Not applicable.**
- c. Not applicable.**