

# SECURITIES AND EXCHANGE COMMISSION

## FORM DEF 14A

Definitive proxy statements

Filing Date: **1994-03-01** | Period of Report: **1994-04-26**  
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### FILER

#### MDU RESOURCES GROUP INC

CIK: **67716** | IRS No.: **410423660** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **DEF 14A** | Act: **34** | File No.: **001-03480** | Film No.: **94513907**  
SIC: **4932** Gas & other services combined

Mailing Address  
400 NORTH FOURTH ST  
BISMARCK ND 58501

Business Address  
400 N FOURTH ST  
BISMARCK ND 58501  
7012227900

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:

- [ ] Preliminary Proxy Statement
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

MDU Resources Group, Inc.
(Name of Registrant as Specified In Its Charter)

.....
(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):
[ ] \$125 per Exchange Act Rules 0-11(c) (1) (ii), 14a-6(i) (1), or 14a-6(i) (2).
[ ] \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i) (3).
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
2) Aggregate number of securities to which transaction applies:
3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:(1)
4) Proposed maximum aggregate value of transaction:

(1) Set forth the amount on which the filing fee is calculated and state how it was determined.

[X] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid: \$125
2) Form, Schedule or Registration Statement No.: Schedule 14A Preliminary Proxy Material
3) Filing Party: MDU Resources Group, Inc.
4) Date Filed: February 11, 1994

MDU RESOURCES GROUP, INC.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

John A. Schuchart
Chairman &
Chief Executive Officer

March 7, 1994

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders to be held on Tuesday, April 26, 1994, at 11:00 A.M., Central Daylight Time, at 909 Airport Road, Bismarck, North Dakota 58504. The other directors and officers join me in extending this invitation.

The formal matters to be acted upon at the meeting are described in the accompanying Notice of Meeting and Proxy Statement. I would like to note for your special attention that the Board of Directors has recommended that the holders of Common Stock of the Company approve two proposals to amend the Certificate of Incorporation. First, Article THIRD, which states the purposes and powers of the Company, has not been amended since the original Certificate was filed in 1924. As was the custom in those days it is lengthy and specific. Current law permits a general statement. The name change authorized by the stockholders in 1985 reflects the multidimensional nature of our Company. This

amendment is consistent with the operations of our Company. Second, the first paragraph of Article FOURTH states the number of authorized shares and the par value of Common Stock. The proposed amendment will increase the number of authorized shares of Common Stock from 50,000,000 to 75,000,000 and reduce the par value of Common Stock from \$5.00 per share to \$3.33 per share. The increase in the number of authorized shares will insure that the Company will be able to raise needed capital expeditiously and economically; provide sufficient Common Stock for use in the several investment plans of the Company; and provide an assured source of unissued Common Stock for issuance for other corporate purposes which may develop from time to time. The reduction in par value will enable the Company to effect a stock split in the future without going to the stockholders for approval, should the Board of Directors decide it is in the best interests of the Company to do so. In addition to the formal issues, a brief report on current matters of interest will be presented. Luncheon will be served following the meeting.

We were pleased with the response of our stockholders at the 1993 Annual Meeting at which 87.5 percent of the Common Stock was represented in person or by proxy. We hope that participation by our stockholders in the affairs of the Company will increase and that there will be an even greater representation at the 1994 meeting. If you are unable to attend the meeting but have questions or comments on the Company's operations, we would like to hear from you.

Representation of your shares at the meeting is very important and we urge that, whether or not you now plan to attend the meeting, you promptly mark, date, sign and return the enclosed proxy card in the envelope provided for that purpose. If you do attend the meeting, you may, if you wish, withdraw your proxy and vote in person.

I hope you will find it possible to attend the meeting.

Sincerely,  
JOHN A. SCHUCHART

MDU RESOURCES GROUP, INC.  
400 NORTH FOURTH STREET  
BISMARCK, NORTH DAKOTA 58501

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD APRIL 26, 1994  
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March 7, 1994

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of MDU Resources Group, Inc. will be held at 909 Airport Road, Bismarck, North Dakota 58504, on Tuesday, April 26, 1994, at 11:00 A.M., Central Daylight Time, for the following purposes:

- (1) To elect four directors to three year terms;
- (2) To consider and take action upon a proposal, declared advisable by the Board of Directors of the Company, to amend Article THIRD of the Certificate of Incorporation pertaining to the corporate purposes and powers of the Company, all as more fully described in the accompanying Proxy Statement dated March 7, 1994;
- (3) To consider and take action upon a proposal, declared advisable by the Board of Directors of the Company, to amend Article FOURTH of the Certificate of Incorporation to increase the number of authorized shares of Common Stock from 50,000,000 with a par value of \$5.00 per share to 75,000,000 with a par value of \$3.33 per share, all as more fully described in the accompanying Proxy Statement dated March 7, 1994; and
- (4) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on February 28, 1994, as the record date for the determination of common stockholders who will be entitled to notice of and to vote at the meeting.

All stockholders who find it convenient to do so are cordially invited and urged to attend the meeting in person. It is requested that you date, sign and return the accompanying proxy in the enclosed return envelope, to which no postage need be affixed if mailed in the United States. Your cooperation will be appreciated.

By order of the Board of Directors,  
LESTER H. LOBLE, II  
Secretary

MDU RESOURCES GROUP, INC.  
400 NORTH FOURTH STREET  
BISMARCK, NORTH DAKOTA 58501

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PROXY STATEMENT  
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This Proxy Statement is furnished to the holders of Common Stock of MDU Resources Group, Inc. (Company) on behalf of the Board of Directors of the Company in connection with the solicitation of proxies to be used in voting at the Annual Meeting of Stockholders to be held on April 26, 1994. The proxy material was first forwarded to the holders of Common Stock on March 7, 1994.

Any stockholder giving a proxy may revoke it at any time prior to its use at

the meeting by filing with the Secretary either a written instrument of revocation or a duly executed proxy bearing a later date. In addition, the powers of a proxy holder are suspended if the person executing the proxy is present at the meeting and informs the Secretary in open meeting that he wishes to revoke his proxy and vote in person. Attendance at the meeting will not in and of itself revoke a proxy.

The Company will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of shares of the Common Stock of the Company. In addition to the use of the mails, proxies may be solicited by officers and regular employees of the Company, by personal interview, by telephone or by telegraph. Banks, brokerage houses and other institutions, nominees and fiduciaries will be requested to forward the soliciting material to their principals and to obtain authorizations for the execution of proxy cards and will, upon request, be reimbursed for reasonable expenses incurred. Additional solicitation of proxies will be made in the same manner under the special engagement and direction of Georgeson & Company, Inc. at an anticipated cost to the Company of approximately \$6,000 plus out-of-pocket expenses.

#### VOTING SECURITIES OUTSTANDING

Only holders of record of Common Stock at the close of business on February 28, 1994, will be entitled to vote at the meeting. On such date there were outstanding 18,984,654 shares of Common Stock. Each outstanding share of Common Stock entitles the holder to one vote.

The Bylaws of the Company provide that a majority of the shares of Common Stock issued and outstanding and entitled to vote in person or by proxy shall constitute a quorum at a meeting of shareholders of the Company. Shares of Common Stock represented by a properly signed and returned proxy are considered present for purposes of determining a quorum.

Under Delaware law, if a quorum is present, the nominees for election as directors who receive a plurality of the votes of shares present in person or represented by proxy and entitled to vote shall be elected as directors. "Withheld" votes are not included in the total vote cast for a nominee for purposes of determining whether a plurality was received and, therefore, have no negative effect.

Under Delaware law, the proposed amendments to the Certificate of Incorporation require the affirmative votes of the holders of a majority of the outstanding shares of Common Stock. Shares that are not voted for the amendments, including abstentions or broker non-votes, will have the same effect as a vote against the amendments.

As of February 28, 1994, no person held of record, or, to the knowledge of the management of the Company, owned beneficially, 5 percent or more of the outstanding shares of Common Stock of the Company.

#### PROPOSAL FOR AMENDMENT OF CERTIFICATE OF INCORPORATION: ARTICLE THIRD

On November 4, 1993, the Board of Directors unanimously adopted a resolution declaring it advisable to amend Article THIRD of the Company's Certificate of Incorporation to restate Article THIRD and to submit the

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amendment to the stockholders for approval at the Annual Meeting. The proposed amendment is set forth in Exhibit A to this Proxy Statement.

The current purpose and powers clause of the Certificate, which has not been amended since the original Certificate was filed in 1924, contains three major paragraphs and eighteen subparagraphs. Since 1924, custom, usage and the laws of the state of Delaware have changed. Under current Delaware law, this specific enumeration of business functions is no longer necessary, and a brief statement of business purpose suffices. The Amendment would not restrict the Company's current operations, would be consistent with those operations, and would generally permit any kind of corporate activity so long as it is lawful.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL. Approval of the proposed amendment to amend the purpose and powers clause requires the affirmative vote of the holders of a majority of all of the outstanding Common Stock of the Company. If a choice has been specified by a stockholder by means of the ballot on the Proxy, the shares of Common Stock will be voted accordingly. If no choice has been specified, the shares will be voted "FOR" the proposal.

#### PROPOSAL FOR AMENDMENT OF CERTIFICATE OF INCORPORATION: ARTICLE FOURTH

As of the close of business on February 28, 1994, the authorized capital stock of the Company consisted of 52,000,000 shares divided into four classes, namely, Preferred Stock, Preferred Stock A, Preference Stock, and Common Stock. The total number of shares of such Preferred Stock authorized is 500,000 shares of the par value of \$100 per share; the total number of shares of such Preferred Stock A authorized is 1,000,000 shares without par value; the total number of shares of such Preference Stock authorized is 500,000 without par value; and the total number of shares of Common Stock authorized is 50,000,000 with a par value of \$5 per share. As of February 28, 1994, 18,984,654 common shares were issued with 1,029,229 shares reserved for issuance under the Dividend Reinvestment and the Tax Deferred Compensation Savings Plans of the Company.

The Board of Directors of the Company has proposed an amendment to the Certificate of Incorporation of the Company to increase the authorized number of

common shares from 50,000,000 to 75,000,000 shares and to reduce the par value of the Common Stock from \$5.00 per share to \$3.33 per share. The Resolution adopted by the Board of Directors of the Company proposing this amendment to the Certificate of Incorporation is attached hereto as Exhibit B.

The Board of Directors believes that the additional authorized common shares may be needed to enable the Company to raise additional capital funds expeditiously and economically for its ongoing operational needs, for issuance in the Company's several investment plans or for possible acquisitions, stock distributions or split, or other corporate purposes. The Board believes it advisable to authorize additional shares to permit the issuance of shares of Common Stock without the delay and the expense involved in obtaining stockholder approval at the time such issuance is determined to be appropriate. The Company would seek and obtain all necessary regulatory authority prior to the issuance of additional shares of Common Stock.

The Board of Directors has no plan at the present time for the issuance or use of the additional shares of Common Stock to be authorized by the amendment. The issuance of additional shares of authorized Common Stock would be within the discretion of the Board of Directors, without the requirement of further action by stockholders unless such action is required by applicable law or the rules of any stock exchange on which the Company's securities may then be listed. All newly authorized shares would have the same rights as the presently authorized shares, including the right to cast one vote per share and to participate in dividends when and to the extent declared and paid. The Board of Directors believes that the reduction in par value will enable the Company to effect a stock split in the future without further shareholder approval should economic conditions so warrant and the Board so determine.

The Board of Directors is unaware of any specific effort to obtain control of the Company, and has no present intention of using the proposed increase in the number of authorized shares of Common Stock as an anti-takeover device. However, the Company's authorized but unissued capital stock could be used to make an attempt to effect a change in control more difficult.

Decreasing the par value is not intended to have any effect on the market value of the Common Stock.

Under the Company's Certificate of Incorporation, no holders of any class of stock of the Company are entitled to any preemptive rights with respect to any shares of the Company's capital stock.

None of the directors or officers of the Company has any interest, direct or indirect, in the adoption of the proposed amendment except as a holder of shares of the Common Stock of the Company.

No financial statements are furnished in connection with this proposal as they are not deemed material for the exercise of prudent judgment with respect thereto.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL. Approval of the proposed amendment to increase the authorized number of shares of Common Stock and reduce the par value of Common Stock requires the affirmative vote of the holders of a majority of all of the outstanding Common Stock of the Company. If a choice has been specified by a stockholder by means of the ballot on the Proxy, the shares of Common Stock will be voted accordingly. If no choice has been specified, the shares will be voted "FOR" the proposal.

ELECTION OF DIRECTORS

At the meeting, four Directors will be elected to serve for a term of three years until 1997 and until their respective successors are elected and qualify. All of the nominees are incumbent Directors and are nominated for reelection. Unless otherwise marked on the proxy, shares of the Common Stock represented by the proxy will be voted for the four nominees named below. If any nominee becomes unavailable for any reason, or if a vacancy should occur before the election (which events are not anticipated), the shares represented by the proxy will be voted for another person in the discretion of the persons named in the proxy. Information concerning the nominees, including their ages, periods of service as directors and business experience, according to information furnished to the Company by the respective nominees, is set forth as follows:

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NAME	AGE	FIRST YEAR OF SERVICE AS DIRECTOR	BUSINESS EXPERIENCE
<S>	<C>	<C>	<C>
San W. Orr, Jr. ....	52	1978	Mr. Orr is an attorney and is in the business of financial and estate management. He is Chairman of the Boards and a Director of Marathon Electric Manufacturing Corporation, Mosinee Paper Corporation, and Wausau Paper Mills Company. He is a Director of Wausau Insurance Companies, M & I First American National Bank, and M & I Marshall & Ilsley Bank. Mr. Orr also serves various civic and charitable organizations in Wisconsin

John A. Schuchart ..... 64  
 (to be elected for a term of  
 three years expiring in 1997)

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Mr. Schuchart, Chairman of the Board and Chief Executive Officer, was named Chief Executive Officer in June 1980 and Chairman in May 1983. Mr. Schuchart also serves as the Chairman of the Board and a Director of Alaska Basic Industries, Inc., Anchorage Sand and Gravel Company, Inc., Concrete, Inc., Fidelity Oil Co., Fidelity Oil Holdings, Inc., KRC Aggregate, Inc., KRC Holdings, Inc., Knife River Coal Mining Company, LTM, Incorporated, Rogue Aggregates, Inc., Williston Basin Interstate Pipeline Company; as a Director and the President of Centennial Energy Holdings, Inc., and Wibaux Gas Co.; all being subsidiaries of the Company. Mr. Schuchart is also Chairman of the Managing Committee of Montana-Dakota Utilities Co., a Division of the Company.

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NAME	AGE	FIRST YEAR OF SERVICE AS DIRECTOR	BUSINESS EXPERIENCE
Homer A. Scott, Jr. .... (to be elected for a term of three years expiring in 1997)	59	1981	Mr. Scott is engaged in the banking and ranching business in the states of Wyoming and Montana. He is a Director and Chairman of the Boards of First Interstate BancSystem of Montana, Inc., and First Interstate Bank of Commerce, Sheridan, Wyoming, and a Director of First Interstate Bank of Commerce, Billings, Montana. Mr. Scott is a Director and President of Sugarland Enterprises, Inc., and the managing partner of Sugarland Development Company, a commercial property development company in Sheridan, Wyoming. Mr. Scott also is a Director of Flying V Cattle Company and Padlock Ranch Company and a partner in Scott Land and Livestock. He currently serves on the Audit and Compensation Committees of the Board of Directors.
<S> Sister Thomas Welder, O.S.B. .... (to be elected for a term of three years expiring in 1997)	<C> 53	<C> 1988	<C> Sister Welder is the President of the University of Mary, Bismarck, North Dakota. She is a Director of St. Alexius Medical Center of Bismarck. She is also a member of the North Dakota Vision 2000 Committee, the Theodore Roosevelt Medora Foundation, and the Accreditation Review Council of the North Central Association of Colleges and Schools. She currently serves on the Nominating and Finance Committees of the Board of Directors.

</TABLE>

Certain information concerning the remaining directors, whose terms expire either in 1995 or in 1996, including their ages, periods of service as directors and business experience, according to information furnished to the Company, is set forth as follows:

NAME	AGE	FIRST YEAR OF SERVICE AS DIRECTOR	BUSINESS EXPERIENCE
<S> Douglas C. Kane ..... (term expiring in 1995)	<C> 44	<C> 1991	<C> Mr. Kane joined the Company as Executive Vice President and Chief Operating Officer in January 1991. Prior to that time he was President and Chief Executive Officer of Knife River Coal Mining Company from May 1990, President from September 1987

and previously had served as Senior Vice President--Operations. Mr. Kane is a Director of Alaska Basic Industries, Inc., Anchorage Sand and Gravel Company, Inc., Concrete, Inc., Fidelity Oil Co., Fidelity Oil Holdings, Inc., KRC Aggregate, Inc., KRC Holdings, Inc., Knife River Coal Mining Company, LTM, Incorporated, and Rogue Aggregates, Inc., all being subsidiaries of the Company. Mr. Kane is also a member of the Managing Committee of Montana-Dakota Utilities Co., a Division of the Company.

Mr. Muus retired in April 1989 after 35 years with the Midwest Federal Savings Bank, Minot, North Dakota. At the time of his retirement Mr. Muus was the President and a Director of the bank. Mr. Muus is a member and past Director and Officer of the Minot Area Chamber of Commerce and a past Director of the Minot Area Development Corporation. He is a member of the Military Affairs and Diplomats Committee of the Chamber of Commerce. He is a member of the Board of Regents of Minot State University and also serves on the Finance Committee of St. Joseph Hospital, Minot, North Dakota. He currently serves on the Audit and Finance Committees of the Board of Directors.

Richard L. Muus ..... 64 1985  
(term expiring in 1995)

Mr. Muus retired in April 1989 after 35 years with the Midwest Federal Savings Bank, Minot, North Dakota. At the time of his retirement Mr. Muus was the President and a Director of the bank. Mr. Muus is a member and past Director and Officer of the Minot Area Chamber of Commerce and a past Director of the Minot Area Development Corporation. He is a member of the Military Affairs and Diplomats Committee of the Chamber of Commerce. He is a member of the Board of Regents of Minot State University and also serves on the Finance Committee of St. Joseph Hospital, Minot, North Dakota. He currently serves on the Audit and Finance Committees of the Board of Directors.

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NAME	AGE	FIRST YEAR OF SERVICE AS DIRECTOR	BUSINESS EXPERIENCE
<S>	<C>	<C>	<C>
John L. Olson ..... (term expiring in 1995)	54	1985	Mr. Olson is President and the owner of Blue Rock Products Company and of Blue Rock Distributing Company located in Sidney, Montana, a beverage bottling and distributing company, respectively. Mr. Olson also is the Chairman of the Board and a Director of Admiral Beverage Corporation, Worland, Wyoming, and Ogden, Utah; he is Chairman of the Board and Director of the Foundation for Community Care, Sidney, Montana; he is trustee for Blue Rock Products Company Profit Sharing Trust. He currently serves on the Audit and Nominating Committees of the Board of Directors.
Joseph T. Simmons ..... (term expiring in 1995)	58	1984	Mr. Simmons is professor of Accounting and Finance, University of South Dakota, Vermillion and Visiting Professor of Finance, University of Warsaw, Warsaw, Poland (February -- July, 1994). Mr. Simmons is the Chairman and President of Simmons Financial Management, Inc. and owner of Simmons & Associates. He also serves on the Boards of RE/SPEC and GRO/TECH in Rapid City, South Dakota. He currently serves on the Finance Committee of the Board of Directors.
Harold J. Mellen, Jr. .... (term expiring in 1996)	59	1989	Mr. Mellen joined the Company in 1985 as Vice President--Corporate Development and was named Senior Vice President--Finance and Chief Financial Officer in May 1987, Executive Vice President and Chief Financial and Corporate Development Officer in August 1989, and President and Chief Corporate Development Officer in May 1992. Mr. Mellen is a director of General Atlantic Resources, Inc. of Denver, Colorado, a public company of

which approximately 7.5 percent is owned by Fidelity Oil Holdings, Inc. (a subsidiary of the Company). Mr. Mellen serves all subsidiaries as a Director and/or an officer except Gwinner Propane, Inc.; and

Prairielands Energy Marketing, Inc. Mr. Mellen also serves as a member of the Managing Committee of Montana-Dakota Utilities Co., a Division of the Company.

Robert L. Nance . . . . .	57	1993	Mr. Nance is the majority owner and President of Nance Petroleum Corporation, Billings, Montana, an oil and gas exploration and production company. He is also a Director of First Interstate Bank of Commerce, Billings, Montana. He is Chairman of the Board of the Deaconess Billings Clinic Health Organization, Deaconess Medical Center and Billings Clinic, all of Billings, Montana. He currently serves on the Finance Committee of the Board of Directors.
(term expiring in 1996)			

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<TABLE>  
<CAPTION>

NAME	AGE	FIRST YEAR OF SERVICE AS DIRECTOR	BUSINESS EXPERIENCE
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<S>	<C>	<C>	<C>
Charles L. Scofield . . . . .	69	1978	Mr. Scofield is the owner and President of The Scofield Broadcasting Co., Inc. which is the sole owner and licensee of KLPZ radio station, Parker, Arizona. He is the sole owner of KEYZ and KYYZ radio stations in Williston, North Dakota. He is a Director of the First National Bank & Trust Company of Williston, North Dakota, a Director of the North Dakota Automobile Club (AAA) of Fargo, North Dakota and the owner of a cattle ranch in Montana. He currently serves on the Nominating and Finance Committees of the Board of Directors.
Stanley F. Staples, Jr. . . . .	69	1984	Mr. Staples is President of Alexander Properties, Inc., an investment management firm, and of Northern Chief Iron Company. Mr. Staples also serves on the Board of Directors of Wausau Paper Mills Company, M & I First American National Bank, Marathon Electric Manufacturing Corporation, Mosinee Paper Corporation, and Murray Machinery, Inc. He currently serves on the Compensation and Nominating Committees of the Board of Directors.
(term expiring in 1996)			

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Except where expressly noted, no corporation or organization named above is a parent, subsidiary or other affiliate of the Company.

During 1993, the Board of Directors had four meetings. The Board of Directors has an Audit Committee, discussed under "Accounting and Auditing Matters," a Nominating Committee, a Finance Committee and a Compensation Committee. The Nominating Committee, which met three times during 1993, recommends to the full Board of Directors nominees for directors and for executive officers. The Nominating Committee will consider nominees recommended by stockholders if the names of such nominees are submitted to the Secretary of the Company on or before November 1, 1994, for the annual meeting to be held on April 25, 1995. The Compensation Committee, which met four times during 1993, sets compensation levels for executive officers and recommends to the full Board of Directors compensation for the Directors of the Company. The Finance Committee, which met three times during 1993, reviews corporate financial plans, policies, budgets, investments, acquisitions, and reviews and authorizes actions necessary to issue and sell Common Stock and debt securities of the Company.

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EXECUTIVE COMPENSATION

Shown in the Summary Compensation Table below is information concerning the



annual and long-term compensation for services in all capacities to the Company for the calendar years ending December 31, 1993, 1992, and 1991, and in the next two Tables the option exercises and long-term incentive plan awards for the last fiscal year of those persons who were, at December 31, 1993, (i) the Chief Executive Officer and (ii) the other four most highly compensated executive officers of the Company (the Named Officers). Footnotes supplement the information contained in the Tables.

SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

(A) NAME AND PRINCIPAL POSITION	(B) YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION			
		(C) SALARY (\$)	(D) BONUS <sup>1</sup> (\$)	(E) OTHER ANNUAL COMPEN- SATION <sup>2</sup> (\$)	(F) RESTRICTED STOCK AWARD(S) (\$)	(G) SECURITIES UNDERLYING OPTIONS/ SARS <sup>3</sup> (#)	(H) LTIP PAYOUTS (\$)	(I) ALL OTHER COMPEN- SATION <sup>4</sup> (\$)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
John A. Schuchart	1993	314,000	68,432	--	0	0	0	4,497
--Chairman of the	1992	296,808	33,686	--	0	28,530	0	4,364
Board & C.E.O.	1991	281,923	135,895	--	0	0	0	4,238
Harold J. Mellen, Jr.	1993	176,995	42,328	--	0	0	0	4,497
--President & Chief	1992	160,334	21,600	--	0	13,740	0	4,402
Corporate Development Officer	1991	151,691	81,000	--	0	0	0	4,200
Joseph R. Maichel	1993	164,837	0	--	0	0	0	3,777
--President & C.E.O. of	1992	156,409	8,516	--	0	13,740	0	4,331
Montana-Dakota Utilities Co.	1991	150,100	45,001	--	0	0	0	4,238
Douglas C. Kane	1993	131,960	35,264	--	0	0	0	3,944
--Executive Vice President & Chief	1992	125,723	20,412	--	0	13,740	0	4,236
Operating Officer	1991	105,908	67,364	--	0	0	0	2,921
Martin A. White	1993	119,352	20,700	--	0	0	0	920
--Vice President--	1992	115,000	11,040	--	0	6,130	0	0
Corporate Development	1991	13,269	0	--	0	0	0	0

<FN>

- 1 Granted pursuant to the Management Incentive Compensation Plan.
- 2 Perquisites and other personal benefits paid to each Named Officer aggregate less than the minimum disclosure levels.
- 3 No options were granted during 1993. "SAR" is an acronym for "stock appreciation right." The Company has no plan or program which uses stock appreciation rights.
- 4 Company contributions to the Tax Deferred Compensation Savings Plan (401(k) Plan).

</TABLE>

AGGREGATED OPTION/SAR<sup>1</sup> EXERCISES IN LAST FISCAL YEAR  
AND FISCAL YEAR-END OPTION/SAR<sup>1</sup> VALUES

<TABLE>

<CAPTION>

(A) NAME	(B) SHARES ACQUIRED ON EXERCISE <sup>2</sup> (#)	(C) VALUE REALIZED (\$)	(D) NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END <sup>3</sup> (#)		(E) VALUE OF UNEXERCISED, IN-THE-MONEY OPTIONS AT FISCAL YEAR-END (\$)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
John A. Schuchart....	9,640	121,085	0	28,530	0	224,674
Harold J. Mellen, Jr.....	5,340	69,754	0	13,740	0	108,202
Joseph R. Maichel....	0	0	0	13,740	0	108,202
Douglas C. Kane.....	0	0	0	13,740	0	108,202
Martin A. White.....	0	0	0	6,130	0	48,274

<FN>

1 "SAR" is an acronym for "stock appreciation right." The Company has no  
 plan or program which uses stock appreciation rights.  
 2 Reflects exercise of options under the 1983 Key Employees' Stock Option  
 Plan. No further options have been or will be granted under this plan and  
 no options remain outstanding.  
 3 The unexercised options are options granted under the 1992 Key Employee  
 Stock Option Plan (none of which are exercisable at this time).

</TABLE>

SALARIED PENSION PLAN AND SUPPLEMENTAL INCOME SECURITY PLAN

<TABLE>

<CAPTION>

REMUNERATION <sup>1</sup>	YEARS OF CREDITED SERVICE <sup>2</sup>				
	15	20	25	30	35 OR MORE
<S>	<C>	<C>	<C>	<C>	<C>
\$125,000...	\$ 77,940	\$ 86,665	\$ 95,365	\$104,090	\$112,790
150,000...	92,030	102,555	113,080	123,605	134,130
175,000...	106,120	118,445	130,795	143,120	155,445
200,000...	120,185	134,335	148,485	162,635	176,785
225,000...	134,275	150,225	166,200	182,150	198,100
250,000...	145,265	162,015	178,740	195,515	210,681
300,000...	162,545	179,295	196,020	212,795	227,961
400,000...	171,185	187,935	204,660	221,435	236,601
450,000...	171,185	187,935	204,660	221,435	236,601

<FN>

1 Pension benefits are determined by the step-rate formula which places emphasis on the highest consecutive 60 months of earnings within the final 10 years of service. Benefits for single participants under the Salaried Pension Plan are paid as straight life amounts and benefits for married participants are paid as actuarially reduced pensions with a survivorship benefit for spouses, unless participants choose otherwise. The Salaried Pension Plan also permits pre-retirement survivorship benefits upon satisfaction of certain conditions. Additionally, certain reductions are made for employees electing early retirement. The Internal Revenue Code places maximum limitations on the amount of benefits that may be paid in dollars under the Salaried Pension Plan. The Company has adopted a non-qualified Supplemental Income Security Plan (SISP) for senior management personnel. In 1993, 81 senior management personnel participated in the SISP including the Named Officers. Both plans cover salary shown in column (c) of the Summary Compensation Table and exclude bonuses and other forms of compensation. Upon retirement and attainment of age 65, participants in the SISP may elect a retirement benefit or a survivors' benefit with the benefits payable monthly for a period of 15 years.

2 As of December 31, 1993, the Named Officers were credited with the following years of service under the plans; Mr. Schuchart: Pension, 18, SISP, 11; Mr. Maichel: Pension, 23, SISP, 11; Mr. Mellen: Pension, 8, SISP, 8; Mr. Kane: Pension, 3, SISP, 11; and Mr. White: Pension, 2, SISP, 2. The maximum years of service for benefits under the Pension Plan is 35 and under the SISP vesting begins at 3 years and is complete after 10 years. Benefit amounts under both plans are not subject to reduction for offset amounts.

</TABLE>

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

INTRODUCTION

Decisions on compensation for the Company's executive officers are made by the Compensation Committee of the Board of Directors. The Committee was created in 1967 and has been and is composed entirely of non-employee directors. In the late part of each calendar year, the Committee reviews and approves, with any modifications it deems appropriate, the Executive Compensation Policy for the executive officers including the Chief Executive Officer. The approved plan is implemented the following calendar year.

EXECUTIVE COMPENSATION POLICY

The Executive Compensation Policy is designed to attract and retain qualified executive officers, to recognize above-average job performance and to provide a direct and strong link between Company performance and executive pay. Total compensation is intended to be competitive with that paid by comparable companies in the regulated electric and gas utility industry and relevant segments of the energy and mining industries.

There are four components of total executive compensation:

- (1) Base salary;
- (2) Management Incentive Compensation Plan;
- (3) 1992 Key Employee Stock Option Plan; and
- (4) Restricted Stock Bonus Plan.

As indicated above, the base salary component of compensation is designed to be competitive with that paid by comparable companies. An external consultant provides comparative surveys (Edison Electric Institute Executive Compensation Survey, American Gas Association Top Management Survey, and Executive Compensation Services Top Management Survey). The consultant also uses, as appropriate, an oil and gas survey and a mining company survey for executives in those positions. The Edison Electric Institute Executive Compensation Survey is a 1992 survey prepared by Edison Electric Institute and includes 100 participants of diverse size, comprised of electric or electric/gas utility companies, utility parent companies or diversified parent companies. The American Gas Association Top Management survey is a 1992 survey of salary for 95 natural gas companies -- distribution, transmission, combination (gas and electric) and integrated. The Executive Compensation Services Top Management Survey is a 1993-94 survey of executive compensation for 1,149 companies cutting across all major industry lines. The consultant then used the 40 utility respondents from this survey -- water, telephone, electric and gas -- for comparison purposes. The oil and gas survey and the mining company survey are private surveys done by the consultant using companies he considers appropriate. Since these surveys are confidential, the Compensation Committee does not know the names or any characteristics of the companies used by the consultant. The external data from those surveys is used to develop a market-consensus salary for each executive position. "Market-consensus salary" refers to the average of the salaries for utility executives as shown in the referenced surveys. It is the policy of the Compensation Committee to set 95% of the market-consensus salary as the market value for the executive positions in the Company. The companies are not the same as the peer group of companies used for the graph showing the comparison of five year total shareholder returns, immediately following this report. The Compensation Committee believes the Edison Electric Institute Executive Compensation Survey, American Gas Association Top Management Survey, and Executive Compensation Services Top Management Survey provide a broader base of data and are commonly used in the utility industry to set executive salaries. A range of compensation from 80%-120% is set around the targeted 95% of the market consensus salary. The Compensation Committee uses the market value of the position together with an analysis of the value of the executive position and individual evaluation to establish base salaries for executive officers within the targeted range. To determine the premium which should be added to the market-consensus salary used to set the salary of the Chief Executive Officer to reflect the diversified nature of the Company, the consultant uses a group of 12 peer companies (10 of which are the same as those in the peer group used for the graph showing the comparison of five year total shareholder returns, immediately following this report). These 12 companies are selected from utilities comparable to the Company. The other two companies are Hawaiian Electric Industries, Inc. and IES Industries, Inc., both diversified utility holding companies. There was no specific intent that these companies be different from the peer group. For 1994 they will be the same. The Compensation Committee looked at the data from the 12 peer companies, adjusted for company size, and concluded the average of

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the 12 utility-diversified companies indicated that the market-consensus salary for the Chief Executive Officer should be increased by a premium of 15%.

All executive officers are eligible for awards under the Company's various incentive plans referred to above. The Compensation Committee believes that offering incentives to executive officers will enhance the long-term performance of the Company, promote cost efficiency and further overall shareholder returns. The Committee uses these plans as it deems appropriate to achieve these goals. The Compensation Committee determines awards pursuant to these plans based generally on what it believes other similar companies are doing.

#### 1993 COMPENSATION FOR EXECUTIVE OFFICERS AND CHIEF EXECUTIVE OFFICER

Compensation paid to executive officers of the Company in 1993 was comprised of base salary and cash awards under the Management Incentive Compensation Plan. Additional dividend equivalents automatically accrued on options granted in 1992 to 16 executives of the Company (including all executive officers) pursuant to the 1992 Key Employee Stock Option Plan. No awards were made in 1993 under the 1992 Key Employee Stock Option Plan or the Restricted Stock Bonus Plan (except for one award of restricted stock made to one officer).

Base salary increases for executive officers during 1993 ranged from 3.1% to 5.9% and averaged 5.2%. Salary increases were a function of (1) the Compensation Committee's assessment of the individual performance of each executive and (2) the current salary of each executive compared to that paid by comparable companies as determined by the external consultant (as discussed above). A more favorable performance appraisal permitted a larger increase. If the current salary lagged that paid by comparable companies a larger increase was permitted. The base salaries during 1993 averaged 85% of the market-consensus salary for the Company's executive positions. The Chief Executive Officer's base salary for 1993 reflected an increase of 5.9% over his 1992 base salary. This was 90% of the market-consensus salary as adjusted by the premium of 15%. The Chief Executive Officer's achievements and his 18 years with the Company were considered as well as his achievement of his goal during 1993 of major acquisitions of profitable companies not subject to rate regulation. The Compensation Committee did not give formal weighting to the criteria used in

order to set salary increases for the executive officers or for the Chief Executive Officer.

The Management Incentive Compensation Plan is structured so that cash incentive awards reflect the attainment of specific annual levels of performance. The performance measures used reflect both the shareholder's interest (earnings) and the customer's interest (cost efficiency). Additionally, individual performance is evaluated and appropriate adjustments to target award levels may be made. Target award levels are a percentage of each participant's assigned salary grade midpoint. The percentage for the Chief Executive Officer was 35% and for the other executive officers ranged from 20% to 30%. A target incentive fund is developed at the beginning of each plan year based upon the aggregate target award levels of all participants. The size of the fund will increase or decrease based upon actual Company performance in relation to the pre-established goals. Individual awards will be greater or lesser than target amounts based upon an assessment of individual performance. Awards can range from 0% (less than 90% of budgeted earnings per share) to 150% (more than 108% of budgeted earnings per share) of the target amount. The annual corporate performance targets for 1993 were based on the degree of achievement of 105% of budgeted earnings. As a result of actual earnings exceeding threshold level of performance, and individual performance goals being met, cash awards were made under the plan for the year 1993 to 9 executive officers in the aggregate amount of \$265,350. The Chief Executive Officer received \$68,432 for the year 1993. This amount was a payout of 68% of the targeted award, based on the Company's actual earnings exceeding the threshold level of performance and upon individual performance. The cost efficiency performance measure in 1993 affected only one named executive officer, Mr. Maichel, whose award opportunity was based 75% on cost efficiency and 25% on budgeted earnings of his division. Neither goal was met and Mr. Maichel received no award.

The 1992 Key Employee Stock Option Plan is to motivate executives to achieve specified long-term performance goals of the Company and to encourage ownership by them of the common stock of the Company. It is designed to reinforce financial and strategic objectives, to emphasize pay for performance, and to focus executive effort on long-term sustainable value creation. This aligns the interests of the executives with those of the shareholder. The plan consists of two elements: stock option grants and dividend equivalents.

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Since options and related dividend equivalents were granted in 1992 and the initial 3 year performance cycle (1992-94) is still running, the Compensation Committee determined that it was not necessary to grant further awards in 1993 to achieve the goals stated above.

The Restricted Stock Bonus Plan provides for awards of restricted stock to individuals when designated by the Compensation Committee as having demonstrated superior individual performance. The awards serve as a motivator for long-term performance and as a retention device for individuals who have demonstrated superior performance. The executive has a stake in the company's financial performance. Again, this aligns the interest of the executives with those of the shareholder. No awards have been made under this plan to executive officers of the Company since 1988. Restrictions lapsed with respect to 1000 shares granted to Messrs. Kane and Mellen in 1988 pursuant to the Restricted Stock Bonus Plan after expiration of the five-year restriction period.

26% of the Chief Executive Officer's total compensation during 1993 was based on objective annual performance criteria (through the Management Incentive Compensation Plan) or long-term performance criteria (through the 1992 Key Employee Stock Option Plan, reflecting dividend equivalents accrued on the 1992 option grants). An average of 22% of the total compensation of the other executive officers was based on objective annual performance criteria (through the Management Incentive Compensation Plan) or long-term performance criteria (through the 1992 Key Employee Stock Option Plan, reflecting dividend equivalents accrued on the 1992 option grants). The Committee believes that having 26% of the compensation of Chief Executive Officer and an average of 22% of the compensation of other executive officers' at risk is sufficient to provide a direct and strong link between Company performance and executive pay.

<TABLE>

<S>	<C>
San W. Orr, Jr., Chairman	Homer A. Scott, Jr., Member Stanley F. Staples, Jr., Member

</TABLE>

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MDU RESOURCES GROUP, INC.  
COMPARISON OF FIVE YEAR TOTAL SHAREHOLDER RETURN1

<TABLE>

<CAPTION>

	1988	1989	1990	1991	1992	1993
	----	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
MDU	100	128	124	159	180	226
S&P 500	100	132	128	166	179	197
PEER GROUP	100	128	133	175	194	213

<FN>  
 (1) All data is indexed to December 31, 1988, for the Company, the S&P 500, and the peer group. Total shareholder return is calculated using the December 31 price for each year. It is assumed that all dividends are reinvested in stock at the frequency paid, and the returns of each component peer issuer of the group is weighted according to the issuer's stock market capitalization at the beginning of the period. The peer issuers are Black Hills Corp., Cilcorp Inc., Equitable Resources Inc., Florida Progress Corp., Minnesota Power & Light Company, The Montana Power Company, Oneok Inc., Questar Corp., South Jersey Industries, Teco Energy Inc., UGI Corp., and Utilicorp United Inc.

</TABLE>

DIRECTORS' COMPENSATION

Each Director who is not an officer of the Company receives a \$13,000 annual retainer for Board Service, Audit and Compensation Committee Chairmen each receive a \$2,500 annual retainer, and Finance and Nominating Committee Chairmen each receive a \$1,000 annual retainer. All such Directors must defer \$1,000 of the annual Board retainer which amount is credited to a deferral account quarterly. The deferral amount is divided by the market price of Company Common Stock and converted to investment units. If dividends are paid on Company Common Stock then an equivalent amount is credited for each investment unit and the resulting amount is converted to investment units and credited to such Directors' accounts. When a participating Director leaves the Board, dies or becomes disabled, then the investment units credited to that Director's account are multiplied times the market price of the Company Common Stock at that time, converted to a dollar value and paid to the Director or named beneficiary in equal monthly payments (with interest) over a five year period. Each Director may also defer all or any part of the \$12,000 Board retainer paid in cash. Additionally, each Director who is not an officer of the Company receives \$700 for each meeting of the Board of Directors attended and each Committee member who is not an officer of the Company receives \$700 for each Committee meeting attended.

The Company also has a post-retirement arrangement for Directors who are not officers of the Company which provides that after retirement from the Board, a Director is entitled to receive compensation in an amount equal to the sum of all annual retainers in effect at the time of retirement. Such amount will be paid to the Director or named beneficiary in equal monthly installments over a period of time equal to the period of service on the Board.

The Company also has a program whereby past Directors of the Company may be chosen each year as "Director Emeritus" and each such past Director so chosen may be invited to participate as a nonvoting member of the Company's Board of Directors. Each such "Director Emeritus" serves for five years and receives no compensation, other than reimbursement by the Company for reasonable travel expenses in connection with attendance at meetings of the Company's Board of Directors.

INFORMATION CONCERNING EXECUTIVE OFFICERS

Executive officers of the Company are elected by the Board of Directors and serve until the next annual meeting of the Board. Any executive officer so elected may be removed at any time by the affirmative vote of a majority of the Board. Certain information concerning such executive officers, including their ages, present corporate positions and business experience is set forth below.

<TABLE>

<CAPTION>

NAME	AGE	PRESENT CORPORATE POSITION AND BUSINESS EXPERIENCE
John A. Schuchart.....	64	Chairman of the Board and Chief Executive Officer. For information about Mr. Schuchart, see "Election of Directors."
<S>	<C>	<C>
Cathleen M. Christopherson...	49	Ms. Christopherson was elected Vice President-Corporate Communications effective November 1989. Prior to that she served as Assistant Vice President-Corporate Communications effective September 1989 and Division Manager of Montana-Dakota Utilities Co., a Division of the Company, from August 1984.
Douglas C. Kane.....	44	Executive Vice President and Chief Operating Officer. For information about Mr. Kane, see "Election of Directors."
Lester H. Loble, II.....	52	Mr. Loble was elected General Counsel and Secretary of the Company effective May 1987. Mr. Loble also serves as a Director and/or General Counsel and Secretary of all subsidiaries of the Company except Wibaux Gas Co.; Prairielands Energy Marketing, Inc.; and Gwinner Propane, Inc. Mr. Loble is also a member and the Secretary of the Managing Committee of Montana-Dakota Utilities Co., a Division of the Company.

Joseph R. Maichel.....	59	Mr. Maichel has been President, Chief Executive Officer and a member of the Managing Committee of Montana-Dakota Utilities Co., a Division of the Company, since May 1990 and President since August 1985 and was Group Vice President-Distribution of the Company from February 1982.
Harold J. Mellen, Jr.....	59	President and Chief Corporate Development Officer. For information about Mr. Mellen, see "Election of Directors."
Vernon A. Raile.....	49	Mr. Raile was elected Vice President, Controller and Chief Accounting Officer effective August 1992. Prior to that he was Controller and Chief Accounting Officer from May 1989, Assistant Treasurer from December 1987, and Tax Manager from March 1980.
Warren L. Robinson.....	43	Mr. Robinson was elected Vice President, Treasurer and Chief Financial Officer of the Company effective August 1992. He is also Treasurer and Assistant Secretary of Centennial Energy Holdings, Inc., Fidelity Oil Co., Fidelity Oil Holdings, Inc., Wibaux Gas Co. and Treasurer and Secretary of Prairielands Energy Marketing, Inc., all being subsidiaries of the Company. Prior to that he served as Treasurer and Assistant Secretary from December 1989, and as Manager of Corporate Development and Assistant Treasurer from May 1989 to December 1989 and Manager of Corporate Development from October 1988. Prior to that he served as the Senior Vice President and Chief Financial Officer of Great Falls Gas Company, Great Falls, Montana.

</TABLE>

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<TABLE>  
<CAPTION>

NAME	AGE	PRESENT CORPORATE POSITION AND BUSINESS EXPERIENCE
<S>	<C>	<C>
Martin A. White.....	52	Mr. White was elected Vice President-Corporate Development November, 1991. Prior to that he was Chairman and Chief Executive Officer of White Resources Corp., a mining company, from January 1990, and Executive Vice President and Chief Operating Officer of Consolidated TVX Mining Corporation from January 1988. Prior to that he was President and Chief Operating Officer of Entech, Inc., a subsidiary of The Montana Power Company.
Rodney J. White.....	57	Mr. White was elected Vice President-Marketing Strategy September 1992. Prior to that he was Vice President-Administration of Williston Basin Interstate Pipeline Company from August 1986 to August 1989 when he became President and a Director of Prairielands Energy Marketing, Inc., and in 1993 President and a Director of Gwinner Propane, Inc., subsidiaries of the Company.
Robert E. Wood.....	51	Mr. Wood has been Vice President-Public Affairs and Environmental Policy of the Company since August, 1991. Before that he was Vice President-Public Affairs from June 1986. For five years prior thereto he served as Manager of Legislative Affairs for the Company.

</TABLE>

#### SECURITY OWNERSHIP

The table below sets forth the number of shares of capital stock of the Company owned beneficially as of December 31, 1993, by each director and each nominee for director, each Named Officer and by all directors and executive officers of the Company as a group.

<TABLE>  
<CAPTION>

NAME	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		PERCENTAGE OF CLASS	
	COMMON	PREFERRED	COMMON	PREFERRED
<S>	<C>	<C>	<C>	<C>
Douglas C. Kane.....	8,014 (a)	--	*	--
Joseph R. Maichel.....	19,514 (a)	--	*	--
Harold J. Mellen, Jr.....	14,963 (a)	--	*	--
Richard L. Muus.....	2,934	--	*	--

Robert L. Nance.....	1,400	--	*	--
John L. Olson.....	3,000	--	*	--
San W. Orr, Jr.....	123,232(b)	--	*	--
John A. Schuchart.....	82,811(a) (f)	--	*	--
Charles L. Scofield.....	8,000	--	*	--
Homer A. Scott, Jr.....	2,000(c)	--	*	--
Joseph T. Simmons.....	3,476	--	*	--
Stanley F. Staples, Jr.....	83,680(d)	300(d)	*	*
Sister Thomas Welder.....	12,763(e)	--	*	--
Martin A. White.....	3,682(a)	--	*	--
All directors and executive officers of the Company as a group (20 in number).....	392,531	300	2.1	*

<FN>

\* Less than one percent of the class.

- (a) Includes full shares allocated to the officer's account in the Tax Deferred Compensation Savings Plan.
- (b) Mr. Orr serves as a co-trustee with shared voting and investment power of various trusts and as an officer and director of the corporate trustee for various other trusts holding these shares.
- (c) Shares held by Homer A. Scott, Jr. Trust. Mr. Scott is a co-trustee of the trust and shares voting and investment power with respect to these shares.
- (d) All except 1000 shares of Common Stock are held in the name of Judd S. Alexander Foundation, Inc. and Walter Alexander Foundation, Inc. Mr. Staples, as President of the Judd S. Alexander Foundation, Inc., and Secretary of the Walter Alexander Foundation, Inc., disclaims all beneficial ownership of the shares held by the Foundations.
- (e) Shares of Common Stock owned by University of Mary. Sr. Welder, as President of the University of Mary, disclaims all beneficial ownership of these shares.
- (f) Includes 52,489 shares owned by Mr. Schuchart's wife. Mr. Schuchart disclaims all beneficial ownership of the shares owned by his wife.

</TABLE>

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#### ACCOUNTING AND AUDITING MATTERS

The Board of Directors of the Company has appointed Arthur Andersen & Co., Certified Public Accountants, as independent auditors for the year ending December 31, 1993. The appointment was made on the recommendation of the Audit Committee of the Board of Directors which is presently composed of Messrs. Richard L. Muus, John L. Olson, San W. Orr, Jr., and Homer A. Scott, Jr. (Chairman).

The Audit Committee, established in 1972, meets regularly with management, internal auditors, and representatives of the Company's independent public accountants. The independent accountants have free access to the Committee and the Board of Directors. In 1993, the Committee met three times and reviewed the scope, timing and fees for the annual audit, other services provided by the independent auditors, and the results of audit examinations completed by the independent auditors, including the recommendations to improve internal controls and the follow-up reports prepared by management. The Audit Committee reports the results of its activities to the full Board of Directors. No member of the Audit Committee is or has been an employee of the Company.

A representative of Arthur Andersen & Co. is expected to be present at the Annual Meeting of Stockholders of the Company with the opportunity to make a statement if he desires to do so and to respond to appropriate questions.

#### OTHER BUSINESS

The management of the Company knows of no other matter to come before the meeting. However, if any matter requiring a vote of the stockholders should arise, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their best judgment.

#### 1995 ANNUAL MEETING OF STOCKHOLDERS

Any stockholder who wishes to submit a proposal for inclusion in the proxy material relating to the Company's Annual Meeting of Stockholders expected to be held on April 25, 1995, must submit such proposal to the Secretary of the Company on or before November 1, 1994.

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K (EXCLUDING EXHIBITS) FOR THE YEAR ENDED DECEMBER 31, 1993, WHICH IS REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WILL BE MADE AVAILABLE TO STOCKHOLDERS TO WHOM THIS PROXY STATEMENT IS MAILED, WITHOUT CHARGE, UPON WRITTEN REQUEST TO THE OFFICE OF THE TREASURER OF MDU RESOURCES GROUP, INC., 400 NORTH FOURTH STREET, BISMARCK, NORTH DAKOTA 58501.

By order of the Board of Directors,  
LESTER H. LOBLE, II  
Secretary  
March 7, 1994

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EXHIBIT A

RESOLVED, that the Board of Directors of MDU Resources Group, Inc., (the "Corporation") hereby declares it advisable:
(A) that, as permitted by law, the purpose of the Corporation be amended to include any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware to reflect the fact that the Corporation is a multidimensional natural resource company; and
(B) that, in order to effect the foregoing the Certificate of Incorporation of the Corporation, as heretofore amended, be further amended by deleting Article THIRD in its entirety, and by inserting in place thereof a new Article THIRD to read as follows:

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware. Included within this purpose, without limiting the generality of the foregoing sentence is (1) to own and operate electric and gas public utility systems and (2) to transact business as a multidimensional natural resource company.

The Corporation shall have and exercise all the powers conferred upon corporations by the General Corporation Law of Delaware.

FURTHER RESOLVED, that the Board of Directors hereby directs that the proposed amendment be attached as an exhibit to the proxy statement for the Company's Annual Meeting of Stockholders to be held on April 26, 1994, for consideration by the Stockholders entitled to vote in respect thereof.

EXHIBIT B

RESOLVED, that the Board of Directors of MDU Resources Group, Inc., hereby declares it advisable:

(A) That the number of shares of Common Stock which the Company is authorized to issue be increased from 50,000,000 shares of Common Stock with the par value of \$5.00 to 75,000,000 shares with the par value of \$3.33, effective at the close of business on the date on which the appropriate Certificate of Amendment to the Company's Certificate of Incorporation is filed in the office of the Secretary of State of the State of Delaware;

(B) That, in order to effect the foregoing, the Certificate of Incorporation of the Company, as heretofore amended, be further amended by deleting the first paragraph of Article FOURTH, and by inserting in place thereof a new first paragraph of said Article FOURTH to read as follows:

FOURTH. The total number of shares of stock which the corporation shall have authority to issue is Seventy-seven Million (77,000,000) divided into four classes, namely, Preferred Stock, Preferred Stock A, Preference Stock, and Common Stock. The total number of shares of such Preferred Stock authorized is Five Hundred Thousand (500,000) shares of the par value of One Hundred Dollars (\$100) per share (hereinafter called the "Preferred Stock") amounting in the aggregate to Fifty Million Dollars (\$50,000,000). The total number of shares of such Preferred Stock A authorized is One Million (1,000,000) shares without par value (hereinafter called the "Preferred Stock A"). The total number of shares of such Preference Stock authorized is Five Hundred Thousand (500,000) shares without par value (hereinafter called the "Preference Stock"). The total number of shares of such Common Stock authorized is Seventy-five Million (75,000,000) of the par value of Three and 33/100 Dollars (\$3.33) per share (hereinafter called the "Common Stock"), amounting in the aggregate to Two Hundred Forty-nine Million Seven Hundred Fifty Thousand Dollars (\$249,750,000).

FURTHER RESOLVED, that the Board of Directors hereby directs that the proposed amendment be attached as an exhibit to the proxy statement for the Company's Annual Meeting of Stockholders to be held on April 26, 1994, for consideration by the Stockholders entitled to vote in respect thereof.

MDU RESOURCES GROUP, INC.

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS ON APRIL 26, 1994.

The undersigned hereby appoints John A. Schuchart, Harold J. Mellen, Jr., and Lester H. Loble, II, and each of them, proxies, with full power of substitution, to vote all Common Shares of the undersigned at the Annual Meeting of Stockholders to be held at 11:00 a.m. (CDT), April 26, 1994, at 909 Airport Road, Bismarck, ND 58504, and at any adjournment thereof, upon all subjects that may properly come before the meeting, including the matters described in the proxy statement furnished herewith, subject to any directions indicated on the reverse side of this card. IF NO DIRECTIONS ARE GIVEN, THE PROXIES WILL VOTE FOR THE ELECTION OF ALL LISTED NOMINEES, IN ACCORD WITH THE DIRECTORS' RECOMMENDATIONS ON THE OTHER MATTERS LISTED ON THE REVERSE SIDE OF THIS CARD AND AT THEIR DISCRETION ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING. We are unable to respond to comments noted on this proxy. If you have comments please send in a separate letter.

YOUR VOTE FOR THE ELECTION OF DIRECTORS MAY BE INDICATED ON THE REVERSE SIDE OF



THIS CARD. Nominees are: Sen. W. Orr, Jr., John A. Schuchart, Homer A. Scott, Jr., and Sister Thomas Welder, O.S.B.

YOUR VOTE IS IMPORTANT! PLEASE SIGN AND DATE ON THE REVERSE AND RETURN PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR OTHERWISE TO 400 NORTH FOURTH STREET, BISMARCK, ND 58501, SO THAT YOUR SHARES CAN BE REPRESENTED AT THE MEETING.

PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE: /X/  
RECOMMEND A VOTE "FOR" ON A., B. AND C. BELOW

DIRECTORS

To vote for all director nominees, mark the "FOR" box on item "A." To withhold voting for all nominees, mark the "WITHHELD" box. To withhold voting for a particular nominee, mark the "FOR ALL EXCEPT" box and enter name(s) of the exception(s) in the space provided; your shares will be voted for the remaining nominees.

<TABLE>  
<CAPTION>

	FOR	WITHHELD	FOR ALL EXCEPT
<S>	<C>	<C>	<C>
A. Election of All Director Nominees. Exceptions	// FOR	// AGAINST	// ABSTAIN
B. Amend Article THIRD of the Certificate of Incorporation regarding the purposes and powers of the Company.	//	//	//
C. Amend Article FOURTH of the Certificate of Incorporation increasing the number of shares of Common Stock and decreasing the par value of Common Stock.	//	//	//

</TABLE>

SIGN HERE AS NAME(S) APPEAR AT LEFT

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PLEASE SIGN THIS PROXY AND RETURN IT PROMPTLY WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF SIGNING FOR A CORPORATION OR PARTNERSHIP OR AS AGENT, ATTORNEY OF FIDUCIARY, INDICATE THE CAPACITY IN WHICH YOU ARE SIGNING. IF YOU DO ATTEND THE MEETING AND DECIDE TO VOTE BY BALLOT, SUCH VOTE WILL SUPERSEDE THIS PROXY.  
DATE \_\_\_\_\_, 1994