
LEADING WITH
INTEGRITY GUIDE



OUR INTEGRITY CODE AND
LEGAL COMPLIANCE GUIDE

MDU RESOURCES GROUP, INC.

WITH INTEGRITY, CREATE SUPERIOR SHAREHOLDER VALUE BY EXPANDING UPON OUR EXPERTISE TO BE THE SUPPLIER OF CHOICE IN ALL OF OUR MARKETS WHILE BEING A SAFE AND GREAT PLACE TO WORK.

This Leading With Integrity Guide (Integrity Guide) essentially contains two parts. One section contains our corporation's Integrity Code which provides a summary of those expected behaviors that guide us to perform with integrity in all matters. The remainder of this document provides more detail regarding the policies and procedures supporting the Integrity Code which are intended to promote ethical behavior, prevent and detect criminal conduct, and assure compliance with applicable laws and regulations. References to the corporate policies are noted throughout this Integrity Guide.

Employees should consider this Integrity Guide as the corporate Code of Conduct. This document is not an employment contract and does not create any contract rights.

How to use the Integrity Guide

- Read the Letter from President and Chief Executive Officer Terry Hildestad regarding the corporation's commitment to integrity and compliance with the law.
- Read and understand the Integrity Code.
- Read and understand the policy guidelines that apply to your job functions.
- Ask your supervisor or the compliance officer for your company any questions you have regarding the Integrity Guide.
- Complete the legal compliance and ethics training programs required of you during the year.
- Ask any questions or raise any integrity concerns you may have by using any of the options discussed under the Reporting Systems section of this Integrity Guide.

Definitions

In this document, the term "corporation" refers to MDU Resources Group, Inc. and all its divisions and subsidiaries. The term "company" refers to a specific operating company.

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OUR EMPLOYEES: IN THEIR OWN WORDS ...



Integrity means to me, basically, respect, honesty and trust in who you are, what you do and the company you work for. I have a great deal of respect for the company and what they have done for me, and in return I would like to give that same respect back.

Joan Fierro
Montana-Dakota Utilities Co.



There are many reasons why I chose a career at Knife River, but the biggest one is the people. They treat you with respect and trust you to perform the job you were hired to do.

Enrique Magdaleno
Knife River



Will what I do or say match the way that I want to be treated? That pretty much governs how I act. If the answer is yes, you will be acting with integrity.

Paul McDowell
Bitter Creek Pipelines LLC



To me, integrity means that we will not break the law, the rules or any regulations to increase or enhance shareholder value.

Harvey Dunham
Fidelity Exploration & Production Company



Whether it's an internal customer or an external customer, giving the customer what they want, telling the customer how you will do it and making sure you live up to your word.

Kirk Foster
Capital Electric Construction Company, Inc.

LETTER FROM THE PRESIDENT

Dear Fellow Employees,

Values define an organization, and integrity is our core value. Integrity is expected from all employees, supervisors, officers and directors of MDU Resources companies.

This core value comes before financial goals or even direct orders from a supervisor, officer or director. We must act and make decisions honestly, fairly, and representing the highest standards of professionalism. Integrity must be the cornerstone for all our dealings with customers, employees, stockholders, suppliers, competitors, and the communities we serve. There can be no exceptions or compromises to our standards of integrity.

No business ethics policy can cover every circumstance. The corporation relies on you to observe the highest ethical standards in all dealings. This Integrity Guide serves as our corporate Code of Conduct.

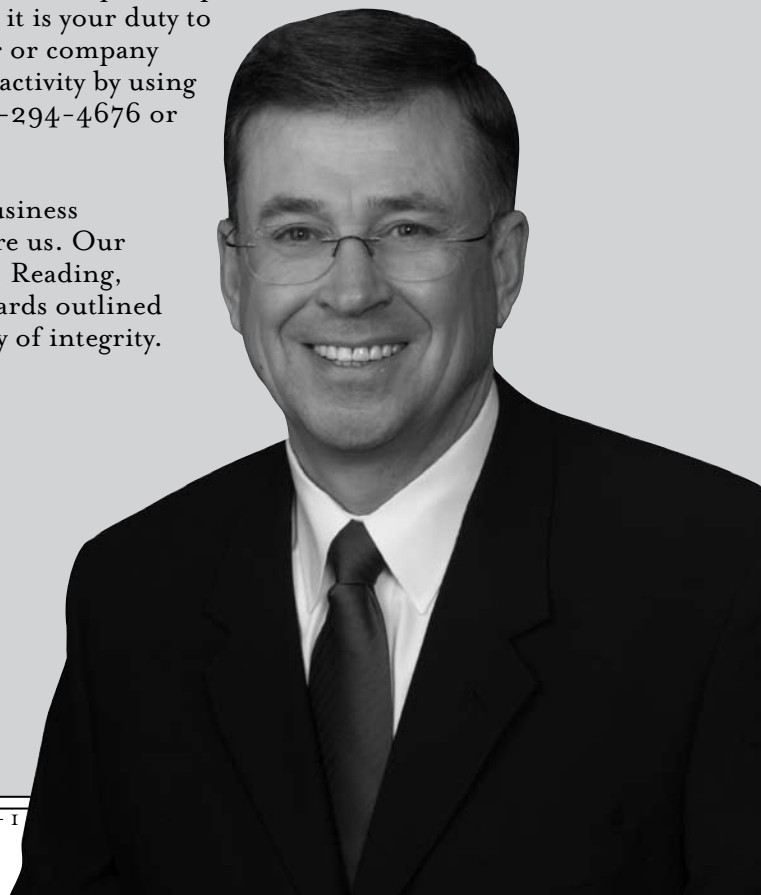
Please discuss any questions about the Integrity Guide with your supervisor or the compliance officer for your company. We rely on you to report suspected misconduct and violations of the Integrity Guide, and it is your duty to do so. You can report them directly to your supervisor or company compliance officer. You can also report the suspected activity by using EthicsPoint (a toll-free, confidential hotline at 1-866-294-4676 or by going online at www.mdu.ethicspoint.com.)

Our corporation has a long, proud legacy of ethical business practice that was hard-earned by those who came before us. Our responsibility is to preserve and strengthen this legacy. Reading, understanding and living the commitments and standards outlined in this Integrity Guide will help us maintain our legacy of integrity.

Sincerely,



Terry D. Hildestad
President and Chief Executive Officer
MDU Resources Group, Inc.



1 COMMITMENT TO INTEGRITY

We will conduct the corporation's business legally and ethically with our best skills and judgment.

2 COMMITMENT TO SHAREHOLDERS

We will always act in the best interests of the corporation and protect its assets.

3 COMMITMENT TO EMPLOYEES

We will work together to provide a safe and positive workplace.

4 COMMITMENT TO CUSTOMERS, SUPPLIERS AND COMPETITORS

We will compete in business only by lawful and ethical means.

5 COMMITMENT TO COMMUNITIES

We will be a responsible and valued corporate citizen.

COMMITMENT TO INTEGRITY

WE WILL CONDUCT THE CORPORATION'S BUSINESS LEGALLY AND ETHICALLY WITH OUR BEST SKILLS AND JUDGMENT.

Our Values

We are all responsible for conducting the corporation's business in accordance with all legal requirements and with high ethical standards. We will not tolerate illegal or unethical behavior in the conduct of the corporation's business.

Our Conduct Standards

To meet our values and our commitment to integrity, we will:

- Achieve legal compliance by making our decisions and carrying out our duties in accordance with the spirit and letter of applicable laws and regulations.
- Observe the highest ethical standards of behavior in performing our duties.
- Foster a culture where ethical conduct is expected, encouraged, valued and recognized.
- Provide and receive training in the legal and ethical standards that directly affect the corporation's activities and our job responsibilities.

COMMITMENT TO SHAREHOLDERS

WE WILL ALWAYS ACT IN THE BEST INTERESTS OF THE CORPORATION AND PROTECT ITS ASSETS.

Our Values

Every director, officer and employee of the corporation has a duty to protect corporate property, maintain its financial integrity, and provide its shareholders with timely, accurate information. We will not let personal interests conflict with the interests of the corporation.

Our Conduct Standards

The corporation and all employees will meet our values and our commitment to shareholders by:

- Avoiding any activity or association that creates a conflict between our personal interests and the corporation's business interests.
- Following generally accepted accounting and financial reporting principles and applicable regulations.
- Using the corporation's resources, time and facilities only for lawful purposes and not for unauthorized personal benefit.
- Protecting the corporation's confidential, privileged and competitive information.
- Not buying or selling stock or other securities of any corporation based on inside information about the corporation.

COMMITMENT TO EMPLOYEES

WE WILL WORK TOGETHER TO PROVIDE A SAFE AND POSITIVE WORKPLACE.

Our Values

The corporation's employees are its most important asset in providing a competitive advantage. Our commitment to our employees is based on a firm belief in the value and dignity of the individual. The corporation and all employees will maintain an environment in which each employee can perform effectively and efficiently. This commitment can be met only where there is a shared sense of responsibility for the overall performance and well-being of the corporation and its employees.

Our Conduct Standards

The corporation and all employees will meet our values and commitment to each other by:

- Complying with applicable labor and employment laws and regulations in every market where we operate.
- Working together to provide a workplace free from discrimination, harassment, retaliation and violence.
- Recruiting, hiring, training, compensating, and promoting employees fairly and impartially based on job-related criteria without regard to race, color, age, sex, religion, disability, veteran's status, national origin, or other characteristics recognized by law.
- Preventing workplace injuries by adhering to applicable workplace safety laws and regulations and corporation standards.
- Maintaining a workplace free from the influence of illegal drugs and abuse of alcohol or prescription drugs.
- Promoting trust, pride and camaraderie in the workplace.
- Treating each other courteously and respectfully.
- Giving employees timely information concerning corporation operations and results.
- Giving employees work-related information necessary for them to effectively perform their responsibilities.

COMMITMENT TO CUSTOMERS, SUPPLIERS AND COMPETITORS

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WE WILL COMPETE IN BUSINESS ONLY BY LAWFUL AND ETHICAL MEANS.

Our Values

We will be our customers' supplier of choice in all of our markets by seeking competitive cost advantages and providing high-quality products and services. The corporation and its employees will be honest and fair in their business dealings and will not be involved in unfair or illegal trade practices.

Our Conduct Standards

The corporation and all employees will meet our values and our commitment to customers, suppliers, and competitors by:

- Providing high-quality products and services competently and efficiently.
- Protecting personal customer information from unauthorized use or disclosure.
- Not giving improper gifts to customers or suppliers.
- Not giving illegal gifts or favors to any government employee or official.
- Respecting the proprietary rights of others, including patents, copyrights, and trademarks.
- Not entering into agreements of any form with competitors to control or affect the corporation's products and services.
- Not entering into illegal oral or written agreements to limit competition between the corporation and its competitors.

COMMITMENT TO COMMUNITIES

WE WILL BE A RESPONSIBLE AND VALUED CORPORATE CITIZEN.

Our Values

The corporation and its employees have responsibilities to the communities where we work and do business. We will be valued members of our communities and conduct the corporation's business in a manner that respects and promotes the quality of life in those communities.

Our Conduct Standards

The corporation and all employees will meet our values and our community commitment by:

- Promoting environmental stewardship by complying with or exceeding environmental regulations and striving to reduce harmful wastes and emissions.
- Promoting public safety by not creating unreasonable risks to public health and safety by our activities, products, or services.
- Encouraging employee involvement in community activities and professional organizations.
- Communicating with the community by responding appropriately and accurately, through authorized representatives, to inquiries from the news media, financial analysts, and regulatory personnel.
- Maintaining political integrity by contributing corporation funds and resources only for legal purposes.
- Contributing to our communities by supporting eligible educational and charitable organizations and community projects.

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COMMITMENT TO INTEGRITY

OUR COMMITMENT

We will conduct the corporation's business legally and ethically with our best skills and judgment.

OVERVIEW AND CORPORATE POLICY

The corporation adopted Corporate Policy No. 8I.5 which establishes policies and procedures intended to promote ethical behavior, prevent and detect criminal conduct, and assure compliance with applicable laws and regulations. Employees should consider this Integrity Guide as the corporate Code of Conduct.

The Integrity Guide contains the corporate Integrity Code (pages 2-7) and references to the supporting policies. All directors, officers, and employees have a responsibility to understand and follow the Integrity Guide, and also to perform their duties with honesty and integrity in areas not specifically addressed by the Integrity Guide.

LEGAL COMPLIANCE

All directors, officers, and employees must comply with all applicable laws affecting the corporation's business. Compliance with the law is a minimum standard of conduct and is expected of everyone. No director, officer, manager or employee has authority to violate any law or direct other employees or any other person to violate any law on behalf of the corporation.

International Operations

Laws and customs vary throughout the world, but we must uphold the integrity of the corporation in other nations as diligently as we do in the United States. When conducting business in other countries, employees must be sensitive to international legal requirements and U.S. laws that apply to international operations. The Foreign Corrupt Practices Act generally makes it unlawful to give anything of value to foreign government officials, foreign political parties, foreign party officials, or foreign candidates for public office for the purpose of obtaining, or retaining, business for the corporation. Even a small gift or inexpensive entertainment can violate the Act if its purpose is to influence an official improperly to award business to the corporation.

In some countries, any gifts to or entertainment of international officials is illegal. In practice, the distinction between ethical and corrupt gifts and entertainment can often become blurred. Even if a payment is customary under the circumstances and is permitted by the Foreign Corrupt Practices Act, employees must obtain the prior written consent of the senior officer in charge of operations in the foreign country in question, the general counsel, or the internal audit manager. Employees should contact their compliance officer or the Legal Department if they have any questions concerning a specific situation.

ETHICAL STANDARDS

"With integrity." These are the words that describe how the corporation will conduct its business. Each employee is responsible for helping to maintain one of the corporation's most important assets: its reputation for integrity. Our success depends on maintaining a high level of public confidence. This confidence can be sustained only if we continue to observe the highest standards of ethical behavior. A single employee's misconduct can severely damage the corporation's hard-earned reputation.

COMMITMENT TO INTEGRITY

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CULTURE

The ethical performance of the corporation is the sum of the actions of each director, officer and employee. We are all responsible for not only complying with the Integrity Guide but for fostering a culture and atmosphere in which the highest standards of legal and ethical conduct are expected and observed. It's important for employees and their supervisors to talk about situations that can cause ethical uncertainty, and to discuss acceptable ways of handling those situations.

If you have questions about the Integrity Guide or the Corporate Compliance Program, talk to your supervisor, the compliance officer for your company, or the Legal Department.

If you know a director, officer, or another employee who has violated the Integrity Guide, you are obligated to report the violation. Methods of reporting, including confidential reports through the EthicsPoint reporting system, are listed on page 26 of this Integrity Guide. There will be no retaliation against an employee who makes a good-faith report of a suspected violation.

Employees who fail to comply with any of the provisions of the Integrity Guide are subject to disciplinary action, including termination.

TRAINING

The corporation's compliance program helps assure ethical and legal conduct and prevents the likelihood of illegal conduct by educating employees about expected and prohibited conduct.



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COMMITMENT TO SHAREHOLDERS

OUR COMMITMENT

We will always act in the best interests of the corporation and protect its assets.

OVERVIEW AND CORPORATE POLICY

Foremost among the corporation's objectives stands the constant duty of serving the long-term interests of its owners, our shareholders. This includes protecting its tangible interests, such as property and equipment, as well as its intangible assets, such as its reputation for integrity and its information and intellectual property.

CONFLICTS OF INTEREST

We are in positions of trust to the shareholders. Our primary loyalty in business affairs is to the corporation, and we must conduct ourselves accordingly. We need to be particularly sensitive to situations, both on and off the job, where a conflict of interest, or even the perception of such a conflict, could arise.

Directors, officers, and employees must conduct themselves in such a way that there is no conflict—or even the appearance of a conflict—between their personal interests and the corporation's interests. A conflict of interest can arise when a director, officer or employee takes action that may make it difficult to perform corporation work objectively or fairly. Examples include having a financial interest in a customer, supplier, or competitor, or obtaining a business opportunity for personal gain which is learned about through the corporation. Conflicts of interest can also arise when an employee transacts business with the corporation, such as the purchase or sale of property or services, outside the ordinary course of business.

Employees or non-executive officers who recognize a conflict of interest must report it to their supervisor, their Human Resources department, the general counsel, or the internal audit manager. The corporation will determine whether more is required of the individuals.

Directors and executive officers named in the corporation's Proxy Statement must report to the general counsel all proposed or existing transactions (as defined in the Corporate Governance Guidelines) between them or their immediate family members and the corporation. The general counsel will determine if the transaction should be reported to the audit committee of the Board of Directors in accordance with the Corporate Governance Guidelines.

Personal Financial Interests

An employee should not hold a significant financial interest (i.e. more than 5 percent ownership) in nor hold a position as an officer or director in another enterprise that is doing or seeking to do business with the corporation unless the action has been fully disclosed to and approved by the company president. This includes enterprises seeking to compete with or provide services, materials, property, mineral interests or equipment to the corporation.

In addition, unless approved by the company president following the employee's disclosure of the activity to the employee's supervisor, neither the employee nor his or her spouse nor any other member of the employee's immediate family may directly or indirectly have a financial interest (as an investor, lender, employee, or service provider) in a competitor, or a customer or supplier, if that

COMMITMENT TO SHAREHOLDERS

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employee or his or her subordinates deal directly or indirectly with that competitor, customer or supplier in the course of his or her job with the corporation.

Significant Relationships

The term “significant relationship” means a family, business, or personal relationship which causes, or appears to cause, an inability on the part of an employee to perform his or her corporate responsibilities objectively and impartially. Each employee is required to disclose certain significant relationships, including:

- A family, business, or personal relationship with another corporation employee with whom a reporting relationship exists. This applies whether the relationship is direct or indirect and whether it is superior-to-subordinate or subordinate-to-superior.
- A relationship with an officer of any MDU Resources company.
- A relationship with another corporation employee whose career or terms and conditions of employment may be affected by your job.

If you are uncertain whether a significant relationship or significant personal financial interest exists or should be disclosed, talk to your supervisor, your Human Resources department, the general counsel, or the internal audit manager.

Outside Employment

In general, employees have the right to seek employment outside the corporation and have financial and managerial interests in outside companies. However, outside employment must not affect the quality of your work, compete with the corporation’s activities, or create a conflict of interest.

You may not perform work for an outside organization which does or seeks to do business with the corporation or any of its operating companies or which competes with the corporation’s services unless you have prior approval from your supervisor. Before accepting a position on the board of directors of another company or nonprofit organization, you must evaluate carefully whether the position could cause, or appear to cause, a conflict of interest. If there is any question, talk to your supervisor.

Independent Auditor Relationships

The corporation’s Audit Committee has adopted a policy that prohibits the corporation from hiring any current member of the corporation’s external independent auditor team. The policy also restricts the hiring of former members of the external independent auditor team as well as family members of persons affiliated with the external independent auditor. Before beginning employment discussions with a proposed new hire who is in any way associated with the corporation’s external independent auditor, notify the corporation’s general counsel.

Business Opportunities

Corporation employees may not benefit personally, directly or indirectly, from business opportunities in which the corporation may have an interest.



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COMMITMENT TO SHAREHOLDERS

ACCOUNTING AND FINANCIAL REPORTING

Every employee is responsible for protecting the corporation's assets. In addition, management is responsible for establishing and maintaining appropriate internal controls to make sure the corporation's assets are used only for lawful and proper purposes, protected against loss from unauthorized use, recorded using reliable information, and scrupulously accounted for. Every employee is responsible for abiding by management's internal controls for protecting the corporation's assets.

Accurate asset accounting records must be maintained and must include all assets, liabilities, revenues, expenses, and financial transactions. In accordance with Generally Accepted Accounting Principles (GAAP), no undisclosed or unrecorded fund or asset may be established for any purpose. Transactions must be made in accordance with the appropriate authorization. Records must ensure that asset accounts may be compared with actual assets.

All material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of the corporation and/or its operating companies with unconsolidated entities or other persons that may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses must be disclosed to the Audit Committee and the corporation's independent auditors.

No employee or director may interfere with or seek to improperly influence, directly or indirectly, the auditing of the corporation's financial records. Violation of these provisions will result in disciplinary action, up to and including termination, and may also subject the violator to substantial civil and criminal liability.

Employees who become aware of any improper transaction or accounting practice concerning the resources of the corporation should report the matter immediately to their supervisor, the corporation's internal auditor, or a member of the Audit Committee. An employee may also file a confidential, anonymous report through EthicsPoint. There will be no retaliation against employees who disclose, in good faith, questionable accounting or auditing matters. For further information and contact information for reporting suspected violations, see page 26.

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PROTECTION OF PROPERTY

All employees are responsible for the proper use of the corporation's property, which includes physical resources and proprietary and confidential information. We must provide reasonable care for the use and maintenance of corporation property and take adequate precautions to protect assets from misuse, theft, vandalism and accidental loss. Corporation property may not be used for personal benefit of employees or anyone else, including community or charitable organizations, without prior management approval.

The corporation's salvage or surplus materials must be disposed of in accordance with approved procedures. Auditable accounting records of the disposal transactions must be maintained.

Employees may not inappropriately use corporation telephones, computers, vehicles, construction equipment, office machines, materials, services, or supplies for personal use. However, unless prohibited by an employee's supervisor, reasonable incidental use of a corporation telephone, computer or other equipment is permitted.

COMMITMENT TO SHAREHOLDERS

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Any employee who engages in or attempts theft of any corporation property, including documents, equipment, cash, intellectual property, or any other items of value, or the personal property of other employees, will be subject to disciplinary action, including termination, and may face criminal proceedings. All employees have a responsibility to report any theft or attempted theft to corporate management.

Trademarks, Service Marks and Copyrights

Trademarks and service marks—words, slogans, symbols, logos or other devices used to identify a particular source of goods or services—are important business tools and valuable assets which require care in their use and treatment. No employee may negotiate or enter into any agreement with respect to the corporation's trademarks and service marks without first consulting the Legal Department. For a more detailed statement on the use of the corporation's trademarks, marks, and logos, see Corporate Policy No. 90.0.

The corporation is legally entitled to all rights—including ideas, inventions, and works of authorship—relating to its business that are made by employees during the scope of their employment with the corporation or using corporate resources. Employees should promptly disclose all employee ideas, inventions and works to their supervisor. The corporation will obtain legal protection for those ideas, inventions, and works by transferring them to corporate ownership.

Computer System

For conducting corporate business, employees are given access to computers, e-mail, and the Internet. The computers and the e-mail and Internet access are the property of the corporation. All communications and information transmitted by, received from, created in or stored in the corporate computer system are the property of the corporation. Occasional personal use of computers, e-mail and the Internet is permitted to the extent that it is legal and does not affect the employee's job performance or negatively affect the corporation. Employees may not install hardware or software on their computer work stations without the authorization of the Enterprise Technology staff.

The corporation has the right, but not the duty, for any reason and without the permission of any employee, to monitor any and all aspects of its computer system. This includes, but is not limited to, reviewing documents created and stored on its computer system, deleting any matter stored in its system, monitoring sites visited by employees on the Internet, monitoring chat and news groups, reviewing material downloaded or uploaded by users from the Internet, and reviewing e-mail sent and received by users. Employees should not expect that anything they create, store, send or receive on the computer system is private.

Employees must conduct themselves professionally when using the computer system, including e-mail. The corporation's policies against discrimination and harassment, sexual or otherwise, apply to the computer system, and any violation of those policies is grounds for discipline, including termination. Employees may not use the corporation's computer system to send or receive messages or files that are illegal, sexually explicit, abusive, offensive, profane, threatening or slanderous. For further detail regarding proper use of the corporation's computer system, see the following corporate policies:

- Corporate Policy No. 200.1: Wide Area Network (WAN) Policy
- Corporate Policy No. 201.1: Personal Computer Policy

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COMMITMENT TO SHAREHOLDERS

- Corporate Policy No. 202.I: Computer Network Security Policy
- Corporate Policy No. 203.I: E-mail Usage Policy
- Corporate Policy No. 204.I: Internet Usage Policy
- Corporate Policy No. 205.I: Web Site Policy
- Corporate Policy No. 206.I: Remote Access Data Communications

Document Retention

Whenever it becomes apparent that documents of any type are relevant or will be required in connection with a lawsuit or government investigation, all possibly relevant documents should be preserved, and ordinary disposal or alteration of documents pertaining to the subjects of the litigation or investigation should stop immediately. Employees who are uncertain whether documents under their control should be preserved because they might relate to a lawsuit or investigation should contact the Legal Department.

CONFIDENTIAL INFORMATION

In the course of employment, employees may have access to corporation information that is confidential, privileged, or has competitive value to the corporation. All employees must protect the confidentiality of this information.

Confidential information may be used for corporation purposes only, and not for personal benefit or the benefit of others. All files, records and reports acquired or created in the course of employment are the property of the corporation. Originals or copies of such documents may be removed from the corporation's offices for the sole purpose of performing the employee's duties to the corporation, and must be returned at any time upon request.

The corporation operates in many different and extremely competitive markets. In any competitive environment, proprietary information and trade secrets must be protected in the same way as all other important corporation assets are protected. Information concerning pricing, products and services that are being developed, and other such trade secrets, including information pertaining to any prospective acquisition or divestiture, must be kept confidential. Employees must use reasonable care to avoid inappropriate disclosure. This information must be used only as required in performing the employee's duties. Limit discussion of confidential or competitive information to those employees who need to know the information to perform their job responsibilities.

Lists or other information concerning employees, customers, or shareholders are considered confidential corporation information and should not be disclosed to others, except as required by law or with management approval. If you are unsure whether information is confidential, ask your supervisor.

INSIDE INFORMATION

Employees may not trade in or even recommend corporation stock based on inside information. "Insider trading" is the purchase or sale of a publicly traded security while in possession of important non-public information about the issuer of the security. Such information includes non-public information on, for example, corporation earnings, significant gains or losses of business, or the hiring, firing or resignation of a director or officer of the corporation. Insider trading is prohibited by the securities laws. So is "tipping," which is communicating such information to



COMMITMENT TO SHAREHOLDERS

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anyone who might use it to purchase or sell securities. When in doubt, presume that information obtained as an employee of the corporation is important and not public.

Officers and directors of the corporation are prohibited from trading in corporation stock during any period in which participants in the corporation's retirement plans could not engage in a similar type of transaction.

An employee who has questions about a security sale or purchase that might involve confidential information or securities laws should talk to the corporation's compliance officer or the Legal Department. Depending on the situation, the compliance officer or Legal Department may recommend that the employee retain a personal attorney.

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COMMITMENT TO EMPLOYEES

OUR COMMITMENT

We will work together to provide a safe and positive workplace.

OVERVIEW AND CORPORATE POLICY

A positive work environment depends on willing cooperation by everyone. Every employee is expected to be a positive and productive member of the work group and to cooperate with coworkers. Effective teamwork and cooperation, as well as open and honest communication, are based on developing and maintaining trusting relationships.

Employee skills and abilities must be continually upgraded and expanded in order to meet changing job requirements and maintain business competitiveness. A lifelong learning atmosphere is a basic part of our philosophy.

Safety is a vital part of every employee's job. Every employee is responsible for preventing accidents and injuries and maintaining safe working conditions for all employees.

EMPLOYMENT CONDITIONS

The corporation is committed to the philosophies of equal employment opportunity and affirmative action policies, and is dedicated to achieving equal opportunity for all employees and applicants for employment in accordance with all applicable Equal Employment Opportunity and Affirmative Action laws, directives, and legislation. For more information, see Corporate Policy No. 104.3.

The corporation is committed to fostering a work environment in which all individuals are treated with respect and integrity. We adopted Corporate Policy No. 105.2 to provide employees with a positive work environment that is free of sexual and other forms of harassment. The corporation will not tolerate harassment in the workplace. This includes, but is not limited to, harassment based on race, color, national origin, sex, religion, age, or disability. The corporation will not tolerate verbal or physical conduct of a sexual nature by any supervisor, employee, agent, contractor, or customer which harasses, disrupts, or interferes with an employee's work performance or which creates an intimidating, offensive, or hostile work environment.

The corporation's policy is to comply with all applicable wage and hour laws and other statutes regulating the employer-employee relationship and the workplace environment.

No corporation employee may interfere with or retaliate against another employee who seeks to invoke his or her rights under the laws governing labor and employee relations.

SAFETY & HEALTH

Safety is a vital part of every employee's job. An effective safety program makes sense from both a human and an economic viewpoint. The goal of our safety program is to prevent accidents and injuries and to provide safe working conditions for all employees. Employees should use required safety equipment, follow proper procedures, and use good judgment and common sense to protect themselves, their coworkers, and the public from injury. The corporation will adhere to all applicable workplace safety laws and regulations and corporation standards. Corporate Policy No. 24.2 outlines our corporate commitment to this important aspect of employment.

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COMMITMENT TO EMPLOYEES

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Employees are expected to report to work on time and in appropriate mental and physical condition for work. The use, sale, distribution or possession of illegal drugs on corporation premises, in corporation vehicles, in personal vehicles while being operated on corporation business, or while conducting off-premise corporation business is absolutely prohibited. Violation of this policy (outlined in Corporate Policy No. 100.1) will result in disciplinary action, up to and including termination, and may have legal consequences.

The use, sale, distribution or possession of alcohol in corporation vehicles, or in personal vehicles while being operated for corporation business, is absolutely prohibited. The use, sale, distribution, or possession of alcohol on corporation premises, or while conducting off premise corporation business is prohibited unless approved by the company president.

As outlined in Corporate Policy No. 103, smoking is prohibited in any area in which a fire or safety hazard exists. Smoking is also prohibited in corporate and company facilities, except in areas designated as “smoking permitted” areas, and is not allowed in corporate or company vehicles when nonsmokers are present and object. If operating company policy or state or local laws are more stringent than corporation policy, they must be followed.

Employees may not carry or otherwise possess weapons in corporation buildings or corporation vehicles.

A GREAT WORKPLACE

In many respects, a customer relationship exists between employees. The corporation’s long-term success requires that we treat each other as customers and respond to requests competently and efficiently, with quality products and services. All employees should treat each other with the same respect and courtesy delivered to external customers.

COMMUNICATION

The corporation provides internal and external communication for employees and for the general public regarding issues and activities affecting our business. Employee communications currently include a bi-monthly magazine, periodic employee meetings, video programs, an intranet site, and various employee-related informational brochures. Employees are encouraged to regularly review these communications for important information that affects the corporation, impacts the quality of our work, and demonstrates responsible business practices.

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COMMITMENT TO CUSTOMERS, SUPPLIERS AND COMPETITORS

OUR COMMITMENT

We will compete in business only by lawful and ethical means.

OVERVIEW AND CORPORATE POLICY

The corporation's long-term success can be achieved only through fair, honest and intelligent decisions in dealing with customers, suppliers, and competitors.

No funds or assets of the corporation may be paid, loaned, or otherwise disbursed as bribes, "kickbacks," or other payments designed to influence or compromise the conduct of the recipient. No employee of the corporation may accept any funds or other assets—including those provided as preferential treatment to the employee for fulfilling his or her responsibilities—in return for help in obtaining business or for securing special concessions from the corporation. Any employee found to be receiving, making, or condoning a bribe, kickback, or other unlawful payment, or attempting to initiate such activities, will be subject to disciplinary action up to and including termination.

CUSTOMER SERVICE

The corporation's successful relationship with its customers requires that we provide quality products and services competently and efficiently and treat customers with courtesy. The corporation makes many commitments to our customers about the availability, quality and price of our products and services in furtherance of the corporation's vision to be the customers' supplier of choice in all our markets. It is up to each employee to ensure that we live up to these promises. Employees should be sensitive to customer problems and work to build customer appreciation for the value and quality of our services.

Our customers have a right to information about the corporation's products and services. We must maintain open communication with our customers and respond promptly to inquiries, requests and complaints.

SUPPLIER AND CUSTOMER RELATIONSHIPS

The corporation's supplier relationships are based on a commitment to open and fair dealings. We will select suppliers of goods and services based on quality, service, cost-benefit considerations, performance capacity, and adequacy of supply. All actions that will or may create an appearance of special influence or preferential treatment in favor of any supplier should be avoided.

The corporation has adopted Corporate Policy No. 83.I, regarding giving or receiving gifts from others in the course of business. In general, the policy prohibits an employee or members of an employee's family from requesting or accepting anything that could be construed as an attempt to influence the performance of the employee's duties or to favor one supplier or customer over another.

Employees may not accept from current or prospective suppliers or customers any gift of cash, gift certificate, travel, or lodging without a supervisor's approval.

No gift valued at more than \$200 may be accepted without approval from the company president at the employee's company.

COMMITMENT TO CUSTOMERS, SUPPLIERS AND COMPETITORS

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Normal business entertainment such as lunch, dinner, theater, or sporting events are appropriate if they're reasonable according to Corporate Policy No. 83.1 and the purpose is to hold bona fide business discussions or foster better business relations.

No gifts of any value may ever be solicited for personal use.

Review Corporate Policy No. 83.1 for further detail regarding giving or receiving gifts.

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FAIR COMPETITION

Fair competition is fundamental to the free enterprise system that we support. The corporation and its employees must comply strictly with all antitrust laws and avoid any anti-competitive behavior. This includes avoiding arrangements with dealers, suppliers, customers, or other competitors that restrict the corporation's ability to compete with any other business or the ability of any other business to compete with us. We also avoid practices that seek to increase the use of our services by any means other than fair marketing based on price, quality, product features, and service. The corporation does not use marketing practices that could be characterized as unfair or deceptive.

The federal government, most state governments, and many foreign governments have enacted antitrust or competition laws prohibiting restraints of trade. Their purpose is to ensure that markets for goods and services operate competitively so customers enjoy the benefit from open competition among their suppliers and sellers benefit from competition among their purchasers. In the U.S. and some other jurisdictions, violations of antitrust laws can lead to substantial civil liability—triple the actual economic damages to a plaintiff. In addition, violations of the antitrust laws are often treated as criminal acts that can result in felony convictions of corporations and individuals. Antitrust laws are complex and strict compliance with them is essential.

Some types of conduct are always illegal under U.S. antitrust laws and in many other countries. Employees and other representatives of the corporation must be alert to avoid even the appearance of such conduct, including:

Agreements with competitors:

- To set prices or any other economic terms of the sale, purchase, or license of goods or services; to use a common method of setting prices; or to set any conditions of sale or purchase.
- On any terms of a bid, or on whether or not to bid.
- To allocate or limit customers, geographic territories, products, or services, or to not compete with each other in some way.
- To not do business with (to “boycott”) one or more customers, suppliers, licensors or licensees.
- To limit production volume or research and development, to refrain from certain types of selling or marketing of goods or services, or to limit or standardize the features of products or services.

Agreements with customers or licensees on the minimum resale price or price levels (for example, discounts) of the corporation's goods or services.

Other types of conduct may be illegal under certain situations. Some of these types of conduct involve agreements with third parties such as competitors, customers, suppliers, licensors or licensees. Others involve unilateral actions that may result in claims that the corporation has

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COMMITMENT TO CUSTOMERS, SUPPLIERS AND COMPETITORS

monopolized or attempted to monopolize a market. These types of conduct include:

- “Predatory” pricing, or pricing below some level of cost, with the effect of driving at least some competition from the market.
- Exclusive dealing arrangements that require customers or licensees to not deal in the goods or services of the corporation’s competitors.
- Reciprocal purchase agreements that condition the purchase of a product on the seller’s agreement to buy products from the other party.
- “Tying” arrangements, in which a seller conditions its agreement to sell a product or service on the buyer’s agreement to purchase a second product that the buyer would prefer not to buy or to buy elsewhere on better terms.
- “Bundling” or market share discounts, in which the final price depends on the customer’s purchase of multiple products or on allocating a specified percentage of its total purchases to the corporation’s products. Although many bundling arrangements promote competition and are legal, bundling arrangements that effectively exclude competitors from a product market or allow a seller to create or maintain a dominant market position in a product may be illegal.
- “Price discrimination” or selling to different purchasers at different prices or on other different economic terms, or offering different promotional allowances or services in connection with the customer’s resale of the products, without complying with the specific exceptions permitted under the law.
- Agreements with customers or licensees on the maximum resale prices or price levels of the corporation’s goods or services.



This information is not intended as a comprehensive review of the antitrust laws, and is not a substitute for expert advice. Employees with questions concerning a specific situation should contact their company’s compliance officer or the Legal Department before taking action.

The corporation respects the trademark rights of others. Any proposed use of a new name, product, or service must be submitted to the Legal Department for clearance before its adoption and use. Similarly, using the trademark or service mark of another corporation, even one with whom our corporation has a business relationship, always requires clearance approval by our Legal Department to ensure that use of the other corporation’s mark is proper.



Employees must avoid the unauthorized use of copyrighted materials of others and should confer with the Legal Department if they have any questions regarding the permissibility of photocopying, excerpting, electronically copying, or otherwise using copyrighted materials. Material that is easy to copy, such as matter downloaded from the Internet, is not necessarily legal to copy or re-circulate (by, for example, e-mail or posting to an intranet facility). See Corporate Policy No. 82.3 for more detail regarding the proper use of copyrighted materials.

COMMITMENT TO COMMUNITIES

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OUR COMMITMENT

We will be a responsible and valued corporate citizen.

OVERVIEW AND CORPORATE POLICY

The corporation is strongly committed to corporate citizenship, including the view that companies as well as individuals must contribute to the well-being of society. We contribute through the important products and services we provide, but our commitment extends beyond that. Our corporate citizenship includes an active interest in the quality of life enjoyed by our employees and the citizens of the many cities and states we serve. These contributions are enhanced by conducting our business with integrity.

ENVIRONMENTAL STEWARDSHIP

The corporation has adopted an Environmental Policy (Corporate Policy No. 3.4) directing that we will operate efficiently to meet the needs of the present without compromising the ability of future generations to meet their needs. The corporation's environmental goals are to:

- Minimize waste and maximize resources.
- Support environmental laws and regulations that are based on sound science and cost-effective technology.
- Meet or surpass applicable environmental laws, regulations and permit requirements.

PUBLIC SAFETY

Our corporation maintains an accident prevention program that seeks to provide public safety in the delivery of our products and services. We will comply with all laws, ordinances, regulations, policies, standards, and rules that pertain to either the responsibilities or the commitments of the corporation toward accident prevention and public safety.

In addition, the overall job performance evaluation of employees who deliver our products and services to the public will include an evaluation of their safety performance. We expect our employees to consider and accept accident prevention as a personal benefit, to cooperate and take an active part in accident prevention programs, and to willingly and satisfactorily perform all accident prevention duties assigned to them. We also expect our employees to become knowledgeable on applicable laws, regulations, policies, and standards pertaining to accident prevention, and to report all unsafe practices and conditions.

COMMUNITY INVOLVEMENT

The corporation supports employee involvement in community activities and professional organizations. We encourage employees to participate in and seek leadership roles in community and civic activities. When these interests are pursued responsibly, it reflects favorably on both the employee and the corporation. For more information, see Corporate Policy No. 71.1 on "Employee Participation in Political and Public Affairs Activities."

An employee accepting public office or serving on a public body acts as an individual, not as a

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COMMITMENT TO COMMUNITIES

representative of the corporation. Employees seeking public office which would require time away from work must comply with policies regarding attendance and leaves of absence.

COMMUNICATION

The corporation's stock is traded on the New York Stock Exchange. Stock exchange guidelines state that the corporation is expected to release quickly to the public any information that might reasonably be expected to affect the market for its stock.

In addition, many of the corporation's business activities are regulated by governmental agencies or affected by governmental regulations. We seek to keep the media and government officials informed on all pertinent issues and opportunities and will deal with these representatives and officials in good faith with full respect for their responsibilities and obligations.

Employees may at times be asked questions by the media regarding the corporation and its business. Unless you are authorized to respond to such inquiries, you should politely refer the media representative to the appropriate corporation spokesperson. If you have questions about who the appropriate spokesperson is, ask your supervisor. For further detail, see Corporate Policy No. 91.O on "Handling Media Inquiries" and Corporate Policy No. 92.O on "Crisis Communications."

Employees must be very careful not to accidentally disclose confidential or proprietary business information through public or casual discussions which may be overheard or misinterpreted.

POLITICS AND GOVERNMENT

The corporation strongly supports our representative form of government and the right of all individuals to participate in it. As part of that commitment, the corporation provides information to, and shares its viewpoint with, employees, customers, the general public and governmental entities.

The corporation encourages employees to participate in the political process and to voluntarily contribute their time, talent, and money to candidates and parties of their personal choice. The corporation will not reimburse employees in any way for personal contributions or donated time in support of any political candidate, party or committee.

Federal law prohibits the use of corporate funds, property, or services, directly or indirectly, to aid or oppose the candidacy of any individual or the interests of any political party or committee at any level of government. This includes direct contributions and indirect contributions such as buying tickets for special dinners or other fund-raising events, lending employees to political parties or committees, furnishing transportation, providing duplicating or mailing services, and other similar activities. Under certain state and local laws, companies are allowed to make contributions in certain circumstances to state or local candidates. Employees should review the requirements under these state and local laws with the Legal Department before making any contribution on behalf of the corporation.

The corporation will not use its money, property, or services to support or oppose foreign political candidates or a foreign political party.

The corporation takes an active role in the political process to assure that proposed legislation and regulations deal fairly with the interests of its shareholders, employees, customers, suppliers, and

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COMMITMENT TO COMMUNITIES

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the communities we serve. No employee can be required to make a political contribution to any candidate or political party as part of the employee's job. However, voluntary contributions to the corporation's Good Government Fund and volunteer service on its board of directors are permitted and encouraged.

Payments to Government Officials and Personnel

Our corporate integrity and reputation must be preserved in dealing with government officials and personnel. Employees must not provide government officials and personnel with any gift, loan, donation, lavish entertainment, or other payment which might be considered a payoff, bribe, or improper influence. You must not do so personally or through consultants, suppliers, customers, or others. You will not be reimbursed by the corporation for any personal payments you make to government officials or personnel.

COMMUNITY CONTRIBUTIONS

The corporation is committed to sharing its success. The MDU Resources Foundation was established in 1983 to contribute to institutions, organizations and programs qualified by the Internal Revenue Code as legitimate recipients of Foundation contributions. Contributions are generally restricted to organizations qualified as tax-exempt under section 501(c)(3) of the Internal Revenue Service Code. Primary consideration is given to institutions, organizations and programs within the geographic areas where member companies conduct business. For a complete description of the MDU Resources Foundation and information on how to apply for a grant, go to www.mduresources.com/the_vision/vision_foundation.htm.

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APPLICATION AND DECISION-MAKING

The Integrity Guide applies to all directors, officers and employees of MDU Resources, its divisions and subsidiaries. Officers or employees that contract with other persons such as consultants, agents and independent contractors to represent the corporation or one of its companies should determine if the contractor's activities on behalf of the corporation or company may be affected by the Integrity Guide. If so, those persons should be aware of and agree to comply with the Integrity Guide in conducting activities on behalf of the company. Appropriate action will be taken, including terminating a contract, if such persons do not comply with the Integrity Guide.

If you believe the application of the Integrity Guide in a particular circumstance would be inappropriate or detrimental to the corporation, it is your responsibility to ask for clarification or request an exception or waiver be made by contacting the corporation's general counsel. Only the MDU Resources' Board of Directors or a committee of the Board may waive a provision of the Integrity Guide for an officer or director of MDU Resources and any such waiver will be promptly disclosed to the public.

ASKING QUESTIONS AND MAKING DECISIONS

The Integrity Guide is just a general guide. It does not answer every question that may arise regarding your conduct in every situation. You may need to refer to other policies or procedures for further guidance.

When you need to make a decision regarding your conduct, and the question is not directly addressed in the Integrity Guide or other policies of your company or the corporation, ask yourself:

- Is the action I am considering consistent with the policies of the corporation and my company?
- Does the action I am considering conform to applicable laws and regulations?
- Does the action I am considering reflect the commitments and values of the corporation and the values of society?
- Is the action I am considering consistent with my own definition of the right thing to do?
- Would I be hesitant to disclose my action to my company president?

When the proper course of action is unclear, you should consult with your supervisor or the compliance officer for your company.

COMPLIANCE PROGRAM

The corporation has established a compliance program to assure legal and ethical conduct throughout the corporation. The primary purposes of the compliance program are to assure that each employee is aware of and understands the Integrity Guide and that the corporation and all of its employees are meeting their responsibilities under it.

The MDU Resources Board of Directors has designated the MDU Resources chief executive officer and its general counsel with the responsibility for implementation of the corporate compliance program. The general counsel has been designated as the chief compliance officer and is responsible for administration of the program. Each of the corporation's business units

APPLICATION AND DECISION-MAKING

are required to designate specific high-level individuals as the business unit compliance officer. This individual is assigned the overall responsibility to see the compliance program is carried out within the business unit. A full description of the compliance program and the responsibilities for implementation of the program are contained in Corporate Policy No. 8I.5.

VIOLATIONS AND DISCIPLINE

Even the appearance of illegal or unethical conduct by the corporation, its employees, or contractors can be extremely damaging to the corporation. Employees are expected never to violate a law or the Integrity Guide, even if a violation will improve financial results or help meet performance goals. Always lead and act with integrity. Employees and contractors that violate the spirit or letter of the Integrity Guide are subject to disciplinary action, up to and including termination. You are responsible for your actions. Illegal or unethical conduct will not be condoned simply because it was directed or accepted by your supervisor or someone else.

Supervisors should ensure that persons under their supervision, including outside contractors, know, understand and comply with the Integrity Guide in their activities involving the corporation. Supervisors that condone or negligently fail to detect illegal or unethical conduct by employees or contractors they supervise are also subject to disciplinary action, including termination.

Conduct that may result in discipline includes:

- Actions that violate the Integrity Guide.
- Requesting others to act in a manner that violates the Integrity Guide.
- Failure to promptly raise a known or suspected violation of the Integrity Guide.
- Failure to cooperate in corporate investigations of possible violations of the Integrity Guide.
- Retaliation against an employee for reporting a suspected violation of the Integrity Guide.
- Failure to demonstrate the leadership and diligence needed to ensure compliance with the Integrity Guide.
- Failure to complete required training on Integrity Guide topics.



REPORTING SYSTEMS

Each employee is critical to the corporation's ability to maintain an effective legal compliance and ethics program. In addition to being responsible for your personal conduct, you are responsible for raising concerns about illegal or unethical conduct that may affect the corporation. While you may feel uncomfortable doing so, it is important to remember the tremendous harm that can occur to the corporation, its employees, its stockholders, and the public if legitimate concerns are not raised and addressed. If you reasonably believe that a corporate employee or contractor has violated or may violate a law or the Integrity Guide, you must report that information so management has an opportunity to investigate and take action to protect the corporation. Whenever you are in doubt, it is best to raise your concerns. You can do this in several ways.

You are encouraged to first bring these concerns or suspected violations to your supervisor or Human Resources Department. If you are uncomfortable discussing the concerns with your supervisor, or you suspect your supervisor is involved in the illegal or unethical behavior, or if your concern is not resolved after discussion with your supervisor or your Human Resources Department, here are more ways to report the concern or suspected violation:

- Report confidentially through the EthicsPoint hotline by calling toll-free 1-866-294-4676 or going online at www.mdu.ethicspoint.com. Reports can be made 24 hours a day. Your report will be forwarded to an appropriate person within the corporation for investigation.
- Contact the compliance officer for your company. A list of the compliance officers and their contact information can be found on the corporate Web site at www.mdu.com under the VISION tab. Click on the Corporate Governance section.
- Contact the office of the corporation's director of internal auditing. Get the phone number by calling 701-222-7900 or 1-800-437-8000. E-mail auditing@mduresources.com; or write to Director of Internal Auditing, MDU Resources, 1200 West Century Avenue, Bismarck, ND 58503.
- Contact the office of the corporation's general counsel. Get the phone number by calling 701-222-7900 or 1-800-437-8000. E-mail generalcounsel@mduresources.com; or write to General Counsel, MDU Resources, 1200 West Century Avenue, Bismarck, ND 58503.
- Send a letter to the Audit Committee of the MDU Resources of Board of Directors, 1200 West Century Avenue, Bismarck, ND 58503.

Regardless of how you report the suspected unethical or illegal conduct, do your best to include all information necessary to communicate an understanding of the facts, circumstances, or issues of concern (for example, provide dates and documentation, and name the individuals involved).

The corporation will not retaliate against an employee who in good faith reports or expresses a concern regarding suspected illegal or unethical conduct or who is otherwise covered by federal "whistleblower" protection. Anyone retaliating or threatening to retaliate will be disciplined, up to and including immediate dismissal. Anyone becoming aware of such retaliation should report the retaliation using one of the above methods.



MDU Resources Group, Inc., a member of the S&P MidCap 400 index, provides value-added natural resource products and related services that are essential to energy and transportation infrastructure. MDU Resources includes natural gas and oil production, construction materials and mining, natural gas pipelines and energy services, electric and natural gas utilities, and construction services. For more information about MDU Resources, see the company's Web site at www.mdu.com or contact the Investor Relations Department at investor@mduresources.com.

