

MDU RESOURCES GROUP, INC.

BOARD OF DIRECTORS COMPENSATION COMMITTEE

CHARTER

Purpose

The purpose of the Compensation Committee is to assist the Board (i) in fulfilling its responsibilities relating to the Company's compensation policy and programs and to determine compensation for the Chief Executive Officer and the Company's other officers who are designated by the Board as Section 16 officers pursuant to Section 16 of the Securities Exchange Act of 1934, as amended ("Exchange Act") and (ii) in overseeing the Company's management of risk in the Compensation Committee's areas of responsibility.

Authority and Responsibilities

The Compensation Committee shall:

- Review the Company's Executive Compensation Policy and recommend changes, as appropriate, to the Board.
- Review and supervise the Company's compensation programs in which the Chief Executive Officer, the other Section 16 officers and key management personnel may participate, including incentive and equity-based programs, and make recommendations to the Board for the adoption of any appropriate additions to or modifications of such programs.
- Evaluate periodically the internal equity and external competitiveness of compensation of the Chief Executive Officer, the other Section 16 officers, and key management personnel and initiate actions or recommend changes to the Board, as appropriate.
- Take into consideration the outcome of the latest stockholder advisory vote on executive compensation when making compensation decisions.
- Have direct responsibility to review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of such goals and objectives, and either as a committee or together with other independent directors (as directed by

the Board) determine and approve the compensation level of the Chief Executive Officer based on such evaluation.

- Have direct responsibility to make recommendations to the Board, with respect to compensation of the other Section 16 officers.
- Review and recommend to the Board annual incentive compensation opportunities under the Executive Incentive Compensation Plan or the Long-Term Performance-Based Incentive Plan, including recommending performance goals and threshold, target and/or maximum award levels as the Committee may determine in its discretion for each calendar year.
- Review corporate performance in comparison to the performance goals established for awards granted under the Executive Incentive Compensation Plan and the Long-Term Performance-Based Incentive Plan for the past calendar year and make recommendations to the Board with respect to awards earned, if any.
- Review and recommend to the Board long-term incentive compensation opportunities under the Long-Term Performance-Based Incentive Plan for the Chief Executive Officer, the other Section 16 officers, and participating key management personnel. This includes determining the type of award, the terms of the award and the performance goals.
- Review corporate performance for awards granted under the Long-Term Performance-Based Incentive Plan for the applicable performance period, determine if the performance goals were met and make recommendations to the Board with respect to awards earned by the Chief Executive Officer, the other Section 16 officers, and participating key management personnel.
- Administer, interpret and take all other actions necessary or appropriate as granted to the Committee under the Company's executive compensation and other plans.
- Review and determine or make recommendations to the Board for approval of other benefits for the Chief Executive Officer and the other Section 16 officers, including but not limited to pension and supplemental pension amounts, health or other welfare benefits and limited perquisites.

- Review and make recommendations to the Board for approval or modification of any employment, severance, termination, retirement, or change-in-control agreements for the Chief Executive Officer and the other Section 16 officers.
- Review and discuss with management the Compensation Discussion and Analysis ("CD&A") and based upon such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Proxy Statement or Annual Report on Form 10-K.
- Arrange for the preparation of and approve the Compensation Committee Report to be included in the Proxy Statement or Annual Report on Form 10-K.
- Review the Directors' Compensation Policy, which provides for compensation of members of the Board of Directors, consider the relationship of director compensation and perquisites to customary levels for comparable companies and recommend changes, as appropriate, to the Board.
- Discuss with management (a) policies with respect to the assessment and management of risks arising from the Company's compensation policies and practices and management's assessment of their adequacy and effectiveness, (b) the Company's material risk exposures in these areas and the steps taken to manage such exposures, and (c) the Company's risk tolerance in these areas and its relationship to Company strategy.
- Meet at such times and report to the Board regarding its deliberations, as necessary or appropriate.
- (a) Have authority to, and may in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser (an "Adviser"); (b) be directly responsible for the appointment, compensation and oversight of the work of any Adviser retained by the Committee; (c) to the extent required by New York Stock Exchange listing standards, prior to retaining an Adviser, or for the first time obtaining advice from an Adviser retained by management, consider all factors relevant to the Adviser's independence from management, including those required to be considered under the New York Stock Exchange listing standards; and (d) review annually the factors identified in clause (c) with respect to any

Adviser whose independence was previously considered by the Committee and who is still retained by, or provides or is expected to provide advice to, the Committee.

- Be responsible for the pre-approval of the engagement by the Company for any other purpose of any compensation consultant retained by the Committee to provide advice on executive or director compensation. The Committee chairman shall have the authority to grant pre-approval of such engagement. The decision of the Committee chairman to pre-approve any such engagement shall be reported to the Committee at its next meeting.
- Annually (a) conduct an assessment of any potential conflicts of interest raised by the work of any compensation consultant, whether retained by the Committee or management, that is involved in determining or recommending executive or director compensation and (b) determine whether a conflict exists and how any such conflict should be addressed.
- Direct any officer or employee of the Company or request any employee of the Company's advisors, consultants or counsel or such other individual as it may deem appropriate to attend a Committee meeting or meet with any Committee members.
- Review the Committee's charter on an annual basis and recommend changes, as appropriate, to the Board.
- Review and evaluate the performance of the Compensation Committee on an annual basis.

The term "compensation" shall be construed comprehensively including by way of example, but not by way of limitation, salary, any supplemental payments, incentive payments, bonuses, performance shares, share incentives, dividend equivalents, options, or restricted shares.

Composition

The Compensation Committee is a standing committee of the Board of Directors. The Compensation Committee shall consist of not less than three members of the Board, each of whom satisfies the independence requirements set forth in the Company's Corporate Governance Guidelines. The members of the Committee shall also satisfy the requirements for being "non-employee directors"

within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code. Committee members shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to subcommittees of the Committee.

Resources

The Compensation Committee shall have the resources and appropriate funding, as determined by the Committee, to discharge its duties and responsibilities, including, without limitation, funding for the payment of reasonable compensation to an Adviser retained by the Committee.

Date of Creation

August 3, 1967 as the Salary Committee. Redesignated the Compensation Committee on May 7, 1981.

Date Issued

May 16, 2013