Section 1: 10-Q (MDU RESOURCES FORM 10-Q 3-31-2020)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

OR

☐
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ______________
Commission file number 1-03480

MDU RESOURCES GROUP INC

(Exact name of registrant as specified in its charter)

Delaware	30-1133956
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506-5650
(Address of principal executive offices)
(Zip Code)

(701) 530-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $1.00 per share	MDU	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with

any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 1, 2020: 200,522,277 shares.

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Definitions

The following abbreviations and acronyms used in this Form 10-Q are defined below:

Abbreviation or Acronym	
2019 Annual Report	Company's Annual Report on Form 10-K for the year ended December 31, 2019
AFUDC	Allowance for funds used during construction
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Brazilian Transmission Lines	Company's former investment in companies owning three electric transmission lines in Brazil
CARES Act	United States Coronavirus Aid, Relief, and Economic Security Act
Cascade	Cascade Natural Gas Corporation, an indirect wholly owned subsidiary of MDU Energy Capital
CDC	Centers for Disease Control and Prevention
Centennial	Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of the Company
Centennial Capital	Centennial Holdings Capital LLC, a direct wholly owned subsidiary of Centennial
Centennial Resources	Centennial Energy Resources LLC, a direct wholly owned subsidiary of Centennial
Company	MDU Resources Group, Inc.
COVID-19	Coronavirus disease 2019
Coyote Creek	Coyote Creek Mining Company, LLC, a subsidiary of The North American Coal Corporation
Coyote Station	427-MW coal-fired electric generating facility near Beulah, North Dakota (25 percent ownership)
Dakota Prairie Refining	Dakota Prairie Refining, LLC, a limited liability company previously owned by WBI Energy and Calumet Specialty Products Partners, L.P. (previously included in the Company's refining segment)
dk	Decatherm
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelity	Fidelity Exploration & Production Company, a direct wholly owned subsidiary of WBI Holdings (previously referred to as the Company's exploration and production segment)
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Great Plains	Great Plains Natural Gas Co., a public utility division of Montana-Dakota
Intermountain	Intermountain Gas Company, an indirect wholly owned subsidiary of MDU Energy Capital
Knife River	Knife River Corporation, a direct wholly owned subsidiary of Centennial
kWh	Kilowatt-hour
LIBOR	London Inter-bank Offered Rate
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MDU Construction Services	MDU Construction Services Group, Inc., a direct wholly owned subsidiary of Centennial
MDU Energy Capital	MDU Energy Capital, LLC, a direct wholly owned subsidiary of the Company
MISO	Midcontinent Independent System Operator, Inc.
MMcf	Million cubic feet
MMdk	Million dk
MNPUC	Minnesota Public Utilities Commission
Montana-Dakota	Montana-Dakota Utilities Co., a direct wholly owned subsidiary of MDU Energy Capital
MTPSC	Montana Public Service Commission
MW	Megawatt

NDPSC	North Dakota Public Service Commission
NGL	Natural gas liquids
Non-GAAP	Not in accordance with GAAP
Oil	Includes crude oil and condensate
OPUC	Oregon Public Utility Commission
SDPUC	South Dakota Public Utilities Commission
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SOFR	Secured Overnight Financing Rate
VIE	Variable interest entity
WBI Energy	WBI Energy, Inc., a direct wholly owned subsidiary of WBI Holdings
WBI Holdings	WBI Holdings, Inc., a direct wholly owned subsidiary of Centennial
WUTC	Washington Utilities and Transportation Commission
WYPSC	Wyoming Public Service Commission

Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Exchange Act. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, trends, objectives, goals, strategies, future events or performance, and underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements that are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature, including statements contained within Part I, Item 2 - MD&A - Business Segment Financial and Operating Data.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Nonetheless, the Company's expectations, beliefs or projections may not be achieved or accomplished.

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all the factors, nor can it assess the effect of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements reported in Part II, Item 1A - Risk Factors in this Form 10-Q, Part I, Item 1A - Risk Factors in the 2019 Annual Report and subsequent filings with the SEC.

Introduction

The Company is a regulated energy delivery and construction materials and services business. The organizational entity was originally incorporated as Montana-Dakota under the state laws of Delaware in 1924. Pursuant to an internal holding company reorganization completed on January 1, 2019, the Company was incorporated under the state laws of Delaware in 2018. Its principal executive offices are located at 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 530-1000.

The Company, through its wholly owned subsidiary, MDU Energy Capital, owns Montana-Dakota, Cascade and Intermountain. The electric segment is comprised of Montana-Dakota while the natural gas distribution segment is comprised of Montana-Dakota, Cascade and Intermountain.

The Company, through its wholly owned subsidiary, Centennial, owns WBI Holdings, Knife River, MDU Construction Services, Centennial Resources and Centennial Capital. WBI Holdings is the pipeline segment, Knife River is the construction materials and contracting segment, MDU Construction Services is the construction services segment, and Centennial Resources and Centennial Capital are both reflected in the Other category.

For more information on the Company's business segments, see Note 16 of the Notes to Consolidated Financial Statements.

Part I -- Financial Information

Item 1. Financial Statements

MDU Resources Group, Inc.
Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(In thousands, except per share amounts)	
Operating revenues:		
Electric, natural gas distribution and regulated pipeline	$ 418,682	$ 439,617
Nonregulated pipeline, construction materials and contracting, construction services and other	778,691	651,574
Total operating revenues	1,197,373	1,091,191
Operating expenses:		
Operation and maintenance:		
Electric, natural gas distribution and regulated pipeline	87,608	87,770
Nonregulated pipeline, construction materials and contracting, construction services and other	733,392	615,144
Total operation and maintenance	821,000	702,914
Purchased natural gas sold	165,412	183,829
Depreciation, depletion and amortization	69,239	59,897
Taxes, other than income	64,112	54,029
Electric fuel and purchased power	20,540	26,304
Total operating expenses	1,140,303	1,026,973
Operating income	57,070	64,218
Other income (expense)	(1,005)	7,595
Interest expense	24,553	23,407
Income before income taxes	31,512	48,406
Income taxes	5,973	7,317
Income from continuing operations	25,539	41,089
Loss from discontinued operations, net of tax	(409)	(163)
Net income	$ 25,130	$ 40,926
Earnings per share - basic:		
Income from continuing operations	$ .13	$ .21
Discontinued operations, net of tax	—	—
Earnings per share - basic	$ .13	$ .21
Earnings per share - diluted:		
Income from continuing operations	$ .13	$ .21
Discontinued operations, net of tax	—	—
Earnings per share - diluted	$ .13	$ .21
Weighted average common shares outstanding - basic	200,440	196,401
Weighted average common shares outstanding - diluted	200,456	196,414

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Net income	$ 25,130	$ 40,926
Other comprehensive income:		
Reclassification adjustment for loss on derivative instruments included in net income, net of tax of $36 and $(249) for the three months ended in 2020 and 2019, respectively	111	397
Amortization of postretirement liability losses included in net periodic benefit cost, net of tax of $149 and $100 for the three months ended in 2020 and 2019, respectively	462	310
Net unrealized gain on available-for-sale investments:		
Net unrealized gain on available-for-sale investments arising during the period, net of tax of $36 and $10 for the three months ended in 2020 and 2019, respectively	135	39
Reclassification adjustment for (gain) loss on available-for-sale investments included in net income, net of tax of $0 and $7 for the three months ended in 2020 and 2019, respectively	(1)	28
Net unrealized gain on available-for-sale investments	134	67
Other comprehensive income	707	774
Comprehensive income attributable to common stockholders	$ 25,837	$ 41,700

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2020	March 31, 2019	December 31, 2019
Assets	(In thousands, except shares and per share amounts)		
Current assets:			
Cash and cash equivalents	$ 116,526	$ 49,721	$ 66,459
Receivables, net	835,468	722,152	836,605
Inventories	305,958	311,535	278,407
Current regulatory assets	55,206	74,494	63,613
Prepayments and other current assets	60,230	77,327	52,617
Total current assets	1,373,388	1,235,229	1,297,701
Noncurrent assets:			
Property, plant and equipment	8,008,338	7,502,368	7,908,628
Less accumulated depreciation, depletion and amortization	3,039,812	2,858,986	2,991,486
Net property, plant and equipment	4,968,526	4,643,382	4,917,142
Goodwill	713,527	679,395	681,358
Other intangible assets, net	34,250	11,680	15,246
Regulatory assets	348,189	319,119	353,784
Investments	145,237	144,616	148,656
Operating lease right-of-use assets	114,382	107,486	115,323
Other	153,017	138,016	153,849
Total noncurrent assets	6,477,128	6,043,694	6,385,358
Total assets	$ 7,850,516	$ 7,278,923	$ 7,683,059
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	$ —	$ 70,000	$ —
Long-term debt due within one year	16,560	251,846	16,540
Accounts payable	384,339	352,180	403,391
Taxes payable	58,743	55,319	48,970
Dividends payable	41,608	39,875	41,580
Accrued compensation	55,199	45,383	99,269
Regulatory liabilities due within one year	60,072	61,390	42,935
Operating lease liabilities due within one year	31,141	30,978	31,664
Asset retirement obligations due within one year	4,256	4,994	4,277
Other accrued liabilities	172,561	150,814	177,801
Total current liabilities	824,479	1,062,779	866,427
Noncurrent liabilities:			
Long-term debt	2,438,675	1,946,181	2,226,567
Deferred income taxes	515,711	444,965	506,583
Regulatory liabilities	443,205	457,084	447,370
Asset retirement obligations	417,469	375,827	413,298
Operating lease liabilities	83,414	76,444	83,742
Other	290,971	309,951	291,826
Total noncurrent liabilities	4,189,445	3,610,452	3,969,386
Commitments and contingencies			
Stockholders' equity:			
Common stock Authorized - 500,000,000 shares, $1.00 par value Shares issued - 201,061,198 at March 31, 2020, 198,316,808 at March 31, 2019 and 200,922,790 at December 31, 2019	201,061	198,317	200,923
Other paid-in capital	1,360,564	1,284,060	1,355,404
Retained earnings	1,319,988	1,164,509	1,336,647
Accumulated other comprehensive loss	(41,395)	(37,568)	(42,102)
Treasury stock at cost - 538,921 shares	(3,626)	(3,626)	(3,626)
Total stockholders' equity	2,836,592	2,605,692	2,847,246
Total liabilities and stockholders' equity	$ 7,850,516	$ 7,278,923	$ 7,683,059

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Equity
(Unaudited)

	Common Stock		Other Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
	(In thousands, except shares)							
At December 31, 2019	200,922,790	$ 200,923	$ 1,355,404	$ 1,336,647	$ (42,102)	(538,921)	$ (3,626)	$ 2,847,246
Net income	—	—	—	25,130	—	—	—	25,130
Other comprehensive income	—	—	—	—	707	—	—	707
Dividends declared on common stock	—	—	—	(41,789)	—	—	—	(41,789)
Stock-based compensation	—	—	2,250	—	—	—	—	2,250
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	26,406	26	(388)	—	—	—	—	(362)
Issuance of common stock	112,002	112	3,298	—	—	—	—	3,410
At March 31, 2020	201,061,198	$ 201,061	$ 1,360,564	$ 1,319,988	$ (41,395)	(538,921)	$ (3,626)	$ 2,836,592

	Common Stock		Other Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
	(In thousands, except shares)							
At December 31, 2018	196,564,907	$ 196,565	$ 1,248,576	$ 1,163,602	$ (38,342)	(538,921)	$ (3,626)	$ 2,566,775
Net income	—	—	—	40,926	—	—	—	40,926
Other comprehensive income	—	—	—	—	774	—	—	774
Dividends declared on common stock	—	—	—	(40,019)	—	—	—	(40,019)
Stock-based compensation	—	—	1,617	—	—	—	—	1,617
Issuance of common stock upon vesting of stock-based compensation, net of shares used for tax withholdings	246,214	246	(3,261)	—	—	—	—	(3,015)
Issuance of common stock	1,505,687	1,506	37,128	—	—	—	—	38,634
At March 31, 2019	198,316,808	$ 198,317	$ 1,284,060	$ 1,164,509	$ (37,568)	(538,921)	$ (3,626)	$ 2,605,692

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Operating activities:		
Net income	$ 25,130	$ 40,926
Loss from discontinued operations, net of tax	(409)	(163)
Income from continuing operations	25,539	41,089
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	69,239	59,897
Deferred income taxes	1,813	12,658
Changes in current assets and liabilities, net of acquisitions:		
Receivables	44,549	(2,641)
Inventories	(29,337)	(21,407)
Other current assets	14,959	(31,586)
Accounts payable	(24,105)	356
Other current liabilities	(23,259)	(6,310)
Other noncurrent changes	326	(49,965)
Net cash provided by continuing operations	79,724	2,091
Net cash used in discontinued operations	(434)	(507)
Net cash provided by operating activities	79,290	1,584
Investing activities:		
Capital expenditures	(139,485)	(133,839)
Acquisitions, net of cash acquired	(67,593)	(30,868)
Net proceeds from sale or disposition of property and other	4,540	4,938
Investments	68	(340)
Net cash used in investing activities	(202,470)	(160,109)
Financing activities:		
Issuance of short-term borrowings	—	70,000
Issuance of long-term debt	248,021	141,338
Repayment of long-term debt	(36,242)	(52,964)
Proceeds from issuance of common stock	3,410	38,634
Dividends paid	(41,580)	(39,695)
Tax withholding on stock-based compensation	(362)	(3,015)
Net cash provided by financing activities	173,247	154,298
Increase (decrease) in cash and cash equivalents	50,067	(4,227)
Cash and cash equivalents -- beginning of year	66,459	53,948
Cash and cash equivalents -- end of period	$ 116,526	$ 49,721

The accompanying notes are an integral part of these consolidated financial statements.

MDU Resources Group, Inc.
Notes to Consolidated Financial Statements

March 31, 2020 and 2019
(Unaudited)

Note 1 - Basis of presentation

The accompanying consolidated interim financial statements were prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Interim financial statements do not include all disclosures provided in annual financial statements and, accordingly, these financial statements should be read in conjunction with those appearing in the 2019 Annual Report. The information is unaudited but includes all adjustments that are, in the opinion of management, necessary for a fair presentation of the accompanying consolidated interim financial statements and are of a normal recurring nature. Depreciation, depletion and amortization expense is reported separately on the Consolidated Statements of Income and therefore is excluded from the other line items within operating expenses.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. The nature of COVID-19 led to worldwide shutdowns and halting of commercial and interpersonal activity as governments imposed regulations in efforts to control the spread of COVID-19, such as shelter-in-place orders and quarantines. Most of the Company's products and services are considered essential to our country and our communities; therefore, operations have generally been permitted to continue. The Company has assessed the impacts of the COVID-19 pandemic on its results of operations for the three months ended March 31, 2020, and determined there were no significant impacts.

In the first quarter of 2020, the Company recorded an out-of-period adjustment to correct the recognition of revenue on a construction contract, which was the result of an overstatement of operating revenue and receivables of $7.7 million and an understatement of operating expense and accounts payable of $1.2 million in the year ended December 31, 2019. This adjustment resulted in an after-tax reduction to net income of $6.7 million in the first quarter of 2020. The Company evaluated the impact of the out-of-period adjustment and concluded it was not material to any previously issued interim and annual consolidated financial statements and the adjustment was not material to the three months ended March 31, 2020.

Effective January 1, 2020, the Company adopted the requirements of the ASU on the measurement of credit losses on certain financial instruments following a modified retrospective approach, as further discussed in Notes 2 and 4. As such, results for reporting periods beginning on January 1, 2020, are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported in accordance with historic accounting. The Company's adoption of this guidance did not have a material impact on its financial reporting.

The assets and liabilities of the Company's discontinued operations, related to the sale of Dakota Prairie Refining and the assets of Fidelity, have been classified as held for sale and are included in prepayments and other current assets, noncurrent assets - other and other accrued liabilities on the Consolidated Balance Sheets. The results of operations are shown in income (loss) from discontinued operations on the Consolidated Statements of Income. Unless otherwise indicated, the amounts presented in the accompanying notes to the consolidated financial statements relate to the Company's continuing operations.

Management has also evaluated the impact of events occurring after March 31, 2020, up to the date of issuance of these consolidated interim financial statements. For more information on the Company's subsequent event, see Note 20.

Note 2 - New accounting standards

Recently adopted accounting standards

ASU 2016-13 - Measurement of Credit Losses on Financial Instruments In June 2016, the FASB issued guidance on the measurement of credit losses on certain financial instruments. The guidance introduced a new impairment model known as the current expected credit loss model that replaced the incurred loss impairment methodology previously included under GAAP. This guidance required entities to present certain investments in debt securities, trade accounts receivable and other financial assets at their net carrying value of the amount expected to be collected on the financial statements. The Company adopted the guidance on January 1, 2020, using a modified retrospective approach.

The Company formed an implementation team to review and assess existing financial assets to identify and evaluate the financial assets subject to the new current expected credit loss model. The Company assessed the impact of the guidance on its processes and internal controls and identified and updated existing internal controls and processes to ensure compliance with the new guidance; such modifications were deemed insignificant. During the assessment phase, the Company identified the complete portfolio of assets subject to the current expected credit loss model. The Company determined the guidance did not have a material impact on its results of operations, financial position, cash flows or disclosures and did not record a material cumulative effect adjustment upon adoption. See Note 4 for additional information regarding the Company's expected credit losses.

ASU 2018-13 - Changes to the Disclosure Requirements for Fair Value Measurement In August 2018, the FASB issued guidance on modifying the disclosure requirements on fair value measurements as part of the disclosure framework project. The guidance modified, among other things, the disclosures required for Level 3 fair value measurements, including the range and weighted average of significant unobservable inputs. The guidance removed, among other things, the disclosure requirement to disclose transfers between Levels 1 and 2. The Company adopted the guidance on January 1, 2020. The Company determined the guidance did not have a material impact on its disclosures.

Recently issued accounting standards not yet adopted

ASU 2018-14 - Changes to the Disclosure Requirements for Defined Benefit Plans In August 2018, the FASB issued guidance on modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans as part of the disclosure framework project. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The guidance adds, among other things, the requirement to include an explanation for significant gains and losses related to changes in benefit obligations for the period. The guidance removes, among other things, the disclosure requirement to disclose the amount of net periodic benefit costs to be amortized over the next fiscal year from accumulated other comprehensive income (loss) and the effects a one percentage point change in assumed health care cost trend rates will have on certain benefit components. The guidance will be effective for the Company on January 1, 2021, and must be applied on a retrospective basis with early adoption permitted. The Company is evaluating the effects the adoption of the new guidance will have on its disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by removing certain exceptions in ASC 740 and providing simplification amendments. The guidance removes exceptions on intraperiod tax allocations and reporting and provides simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The guidance will be effective for the Company on January 1, 2021, with early adoption permitted. Transition requirements vary among the exceptions and amendments which include retrospective, modified retrospective and prospective application. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows or disclosures.

ASU 2020-04 - Reference Rate Reform In March 2020, the FASB issued optional guidance to ease the facilitation of the effects of reference rate reform on financial reporting. The guidance applies to certain contract modifications, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. LIBOR is expected to be retired with a full phase-out by the end of 2021 and replaced by a new reference rate, which includes SOFR. The guidance can be applied beginning in the interim period that includes March 12, 2020, and cannot be applied to contract modifications or hedging relationships entered into or evaluated after December 31, 2022. The Company is currently evaluating the use of the optional guidance. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows or disclosures.

Note 3 - Seasonality of operations

Some of the Company's operations are highly seasonal and revenues from, and certain expenses for, such operations may fluctuate significantly among quarterly periods. Accordingly, the interim results for particular businesses, and for the Company as a whole, may not be indicative of results for the full fiscal year.

Note 4 - Receivables and allowance for expected credit losses

Receivables consists primarily of trade receivables from the sale of goods and services, which are recorded at the invoiced amount, and contract assets, net of expected credit losses. For more information on contract assets, see Note 8. The Company's trade accounts receivable are all due in 12 months or less. The total balance of receivables past due 90 days or more was $51.8 million, $38.3 million and $46.7 million at March 31, 2020 and 2019, and December 31, 2019, respectively.

The Company's expected credit losses are determined through a review using historical credit loss experience, changes in asset specific characteristics, current conditions and reasonable and supportable future forecasts, among other specific account data, and is performed at least quarterly. The Company develops and documents its methodology to determine its allowance for expected credit losses at each of its reportable business segments. Risk characteristics used by the business segments may include customer mix, knowledge of customers and general economic conditions of the various local economies, among others. Specific account balances are written off when management determines the amounts to be uncollectible.

Details of the Company's expected credit losses were as follows:

	Balance at January 1, 2020	Current Expected Credit Loss Provision	Write-offs Charged Against the Allowance	Credit Loss Recoveries Collected	Balance at March 31, 2020
			(In thousands)		
Electric	$ 328	$ 555	$ 500	$ 109	$ 492
Natural gas distribution	1,056	1,156	624	229	1,817
Construction materials and contracting	5,357	694	68	—	5,983
Construction services	1,756	1,150	73	—	2,833
Total	$ 8,497	$ 3,555	$ 1,265	$ 338	$ 11,125

The Company's allowance for doubtful accounts at March 31, 2019 and December 31, 2019, was $9.6 million and $8.5 million, respectively.

Note 5 - Inventories and natural gas in storage

Natural gas in storage for the Company's regulated operations is generally valued at lower of cost or market using the last-in, first-out method or lower of cost or net realizable value using the average cost or first-in, first-out method. The majority of all other inventories are valued at the lower of cost or net realizable value using the average cost method. The portion of the cost of natural gas in storage expected to be used within 12 months was included in inventories. Inventories on the Consolidated Balance Sheets were as follows:

	March 31, 2020	March 31, 2019	December 31, 2019
		(In thousands)	
Aggregates held for resale	$ 155,976	$ 142,747	$ 147,723
Asphalt oil	73,842	83,459	41,912
Materials and supplies	26,293	26,441	22,512
Merchandise for resale	23,109	25,104	22,232
Natural gas in storage (current)	7,872	11,464	22,058
Other	18,866	22,320	21,970
Total	$ 305,958	$ 311,535	$ 278,407

The remainder of natural gas in storage, which largely represents the cost of gas required to maintain pressure levels for normal operating purposes, was included in noncurrent assets - other and was $48.3 million, $48.2 million and $48.4 million at March 31, 2020 and 2019, and December 31, 2019, respectively.

Note 6 - Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share is computed by dividing net income by the total of the weighted average number of shares of common stock outstanding during the applicable period, plus the effect of nonvested performance share awards and restricted stock units. Common stock outstanding includes issued shares less shares held in treasury. Net income was the same for both the basic and diluted earnings per share calculations. A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per share calculations follows:

	Three Months Ended March 31,	
	2020	2019
	(In thousands, except per share amounts)	
Weighted average common shares outstanding - basic	200,440	196,401
Effect of dilutive performance share awards and restricted stock units	16	13
Weighted average common shares outstanding - diluted	200,456	196,414
Shares excluded from the calculation of diluted earnings per share	68	64
Dividends declared per common share	$ .2075	$ .2025

Note 7 - Accumulated other comprehensive income (loss)

The after-tax changes in the components of accumulated other comprehensive loss were as follows:

	Net Unrealized Gain (Loss) on Derivative Instruments Qualifying as Hedges	Postretirement Liability Adjustment	Net Unrealized Gain (Loss) on Available-for-sale Investments	Total Accumulated Other Comprehensive Loss
		(In thousands)		
At December 31, 2019	$ (1,430)	$ (40,734)	$ 62	$ (42,102)
Other comprehensive income before reclassifications	—	—	135	135
Amounts reclassified from (to) accumulated other comprehensive loss	111	462	(1)	572
Net current-period other comprehensive income	111	462	134	707
At March 31, 2020	$ (1,319)	$ (40,272)	$ 196	$ (41,395)

	Net Unrealized Gain (Loss) on Derivative Instruments Qualifying as Hedges	Postretirement Liability Adjustment	Net Unrealized Gain (Loss) on Available-for-sale Investments	Total Accumulated Other Comprehensive Loss
		(In thousands)		
At December 31, 2018	$ (2,161)	$ (36,069)	$ (112)	$ (38,342)
Other comprehensive income before reclassifications	—	—	39	39
Amounts reclassified from accumulated other comprehensive loss	397	310	28	735
Net current-period other comprehensive income	397	310	67	774
At March 31, 2019	$ (1,764)	$ (35,759)	$ (45)	$ (37,568)

The following amounts were reclassified between accumulated other comprehensive loss and net income. The amounts presented in parenthesis indicate a decrease to net income on the Consolidated Statements of Income. The reclassifications were as follows:

	Three Months Ended March 31,		Location on Consolidated Statements of Income
	2020	2019	
	(In thousands)		
Reclassification adjustment for loss on derivative instruments included in net income	$ (147)	$ (148)	Interest expense
	36	(249)	Income taxes
	(111)	(397)	
Amortization of postretirement liability losses included in net periodic benefit cost	(611)	(410)	Other income
	149	100	Income taxes
	(462)	(310)	
Reclassification adjustment on available-for-sale investments included in net income	1	(35)	Other income
	—	7	Income taxes
	1	(28)	
Total reclassifications	$ (572)	$ (735)	

Note 8 - Revenue from contracts with customers

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. The Company is considered an agent for certain taxes collected from customers. As such, the Company presents revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

Disaggregation

In the following table, revenue is disaggregated by the type of customer or service provided. The Company believes this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue by reportable segments. For more information on the Company's business segments, see Note 16.

Three Months Ended March 31, 2020	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
				(In thousands)			
Residential utility sales	$ 32,349	$ 186,701	$ —	$ —	$ —	$ —	$ 219,050
Commercial utility sales	33,587	114,996	—	—	—	—	148,583
Industrial utility sales	10,367	8,521	—	—	—	—	18,888
Other utility sales	1,648	—	—	—	—	—	1,648
Natural gas transportation	—	11,798	27,432	—	—	—	39,230
Natural gas gathering	—	—	2,090	—	—	—	2,090
Natural gas storage	—	—	3,046	—	—	—	3,046
Contracting services	—	—	—	98,401	—	—	98,401
Construction materials	—	—	—	207,910	—	—	207,910
Intrasegment eliminations*	—	—	—	(44,104)	—	—	(44,104)
Inside specialty contracting	—	—	—	—	372,209	—	372,209
Outside specialty contracting	—	—	—	—	130,150	—	130,150
Other	8,450	2,498	3,241	—	351	2,991	17,531
Intersegment eliminations	(195)	(185)	(25,199)	(63)	(2,470)	(2,973)	(31,085)
Revenues from contracts with customers	86,206	324,329	10,610	262,144	500,240	18	1,183,547
Revenues out of scope	(298)	2,114	45	—	11,965	—	13,826
Total external operating revenues	$ 85,908	$ 326,443	$ 10,655	$ 262,144	$ 512,205	$ 18	$ 1,197,373

* Intrasegment revenues are presented within the construction materials and contracting segment to highlight the focus on vertical integration as this segment sells materials to both third parties and internal customers. Due to consolidation requirements, these revenues must be eliminated against construction materials to arrive at the external operating revenue total for the segment.

Three Months Ended March 31, 2019	Electric	Natural gas distribution	Pipeline	Construction materials and contracting	Construction services	Other	Total
				(In thousands)			
Residential utility sales	$ 36,555	$ 200,609	$ —	$ —	$ —	$ —	$ 237,164
Commercial utility sales	35,671	121,793	—	—	—	—	157,464
Industrial utility sales	8,884	8,611	—	—	—	—	17,495
Other utility sales	1,799	—	—	—	—	—	1,799
Natural gas transportation	—	11,570	25,058	—	—	—	36,628
Natural gas gathering	—	—	2,121	—	—	—	2,121
Natural gas storage	—	—	2,646	—	—	—	2,646
Contracting services	—	—	—	83,039	—	—	83,039
Construction materials	—	—	—	179,309	—	—	179,309
Intrasegment eliminations*	—	—	—	(35,140)	—	—	(35,140)
Inside specialty contracting	—	—	—	—	299,530	—	299,530

Outside specialty contracting	—	—	—	—	107,398	—	107,398
Other	9,121	3,913	2,696	—	17	7,843	23,590
Intersegment eliminations	—	—	(23,955)	(95)	(129)	(7,824)	(32,003)
Revenues from contracts with customers	92,030	346,496	8,566	227,113	406,816	19	1,081,040
Revenues out of scope	536	(4,349)	47	—	13,917	—	10,151
Total external operating revenues	$ 92,566	$ 342,147	$ 8,613	$ 227,113	$ 420,733	$ 19	$ 1,091,191

* Intrasegment revenues are presented within the construction materials and contracting segment to highlight the focus on vertical integration as this segment sells materials to both third parties and internal customers. Due to consolidation requirements, these revenues must be eliminated against construction materials to arrive at the external operating revenue total for the segment.

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. The timing of invoicing to customers does not necessarily correlate with the timing of revenues being recognized under the cost- to- cost method of accounting. Contracts from contracting services are billed as work progresses in accordance with agreed upon contractual terms. Generally, billing to the customer occurs contemporaneous to revenue recognition. A variance in timing of the billings may result in a contract asset or a contract liability. A contract asset occurs when revenues are recognized under the cost-to-cost measure of progress, which exceeds amounts billed on uncompleted contracts. Such amounts will be billed as standard contract terms allow, usually based on various measures of performance or achievement. A contract liability occurs when there are billings in excess of revenues recognized under the cost-to-cost measure of progress on uncompleted contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation.

The changes in contract assets and liabilities were as follows:

	March 31, 2020	December 31, 2019	Change	Location on Consolidated Balance Sheets
		(In thousands)		
Contract assets	$ 121,321	$ 109,078	$ 12,243	Receivables, net
Contract liabilities - current	(153,230)	(142,768)	(10,462)	Accounts payable
Contract liabilities - noncurrent	(81)	(19)	(62)	Noncurrent liabilities - other
Net contract liabilities	$ (31,990)	$ (33,709)	$ 1,719	

The Company recognized $89.4 million in revenue for the three months ended March 31, 2020, which was previously included in contract liabilities at December 31, 2019. The Company recognized $56.4 million in revenue for the three months ended March 31, 2019, which was previously included in contract liabilities at December 31, 2018.

The Company recognized a net increase in revenues of $19.5 million and $18.7 million for the three months ended March 31, 2020 and 2019, respectively, from performance obligations satisfied in prior periods.

Remaining performance obligations

The remaining performance obligations at the construction materials and contracting and construction services segments include unrecognized revenues, also referred to as backlog, that the Company reasonably expects to be realized. These unrecognized revenues can include: projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. Excluded from remaining performance obligations are potential orders under master service agreements. The remaining performance obligations at the pipeline segment include firm transportation and storage contracts with fixed pricing and fixed volumes.

At March 31, 2020, the Company's remaining performance obligations were $2.3 billion. The Company expects to recognize the following revenue amounts in future periods related to these remaining performance obligations: $1.8 billion within the next 12 months or less; $310.4 million within the next 13 to 24 months; and $245.0 million in 25 months or more.

The majority of the Company's construction contracts have an original duration of less than two years. The Company's firm transportation and firm storage contracts have weighted average remaining durations of approximately five and two years, respectively.

Note 9 - Business combinations

The acquisitions below were accounted for as business combinations in accordance with ASC 805 - *Business Combinations.* The results of the acquired businesses have been included in the Company's Consolidated Financial Statements beginning on the acquisition date. Pro forma financial amounts reflecting the effects of the business combinations are not presented, as none of these business combinations were material to the Company's financial position or results of operations.

For all business combinations, the Company preliminarily allocates the purchase price of the acquisitions to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition dates and are considered provisional until final fair values are determined or the measurement period has passed. The Company expects to record adjustments as it accumulates the information needed to estimate the fair value of assets acquired and liabilities assumed, including working capital balances; identifiable intangible assets; property, plant and equipment; total consideration and goodwill. The excess of the purchase price over the aggregate fair values is recorded as goodwill. The Company calculated the fair value of the assets acquired in 2020 and 2019 using a market or cost approach (or a combination of both). Fair values for some of the assets were determined based on Level 3 inputs including estimated future cash flows, discount rates, growth rates, sales projections, retention rates and terminal values, all of which require significant management judgment and are susceptible to change. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill, and will be made as soon as practical, but no later than one year from the respective acquisition dates. Any subsequent measurement period adjustments are not expected to have a material impact on the Company's results of operations.

The acquisitions are also subject to customary adjustments based on, among other things, the amount of cash, debt and working capital in the business as of the closing date. The amounts included in the Consolidated Balance Sheets for these adjustments are considered provisional until final settlement has occurred.

The following are the acquisitions made during 2020 and 2019 at the construction materials and contracting segment:

- In February 2020, the Company acquired the assets of Oldcastle Infrastructure Spokane, a prestressed-concrete business in Washington.
- In December 2019, the Company acquired the assets of Roadrunner Ready Mix, Inc., a provider of ready-mixed concrete in Idaho.
- In March 2019, the Company acquired Viesko Redi-Mix, Inc., a provider of ready-mixed concrete in Oregon.

The following are the acquisitions made during 2020 and 2019 at the construction services segment:

- In February 2020, the Company acquired PerLectric, Inc., a leading electrical construction company in Virginia.
- In September 2019, the Company purchased the assets of Pride Electric, Inc., an electrical construction company in Washington.

The total purchase price for acquisitions that occurred in 2020 was $77.5 million, subject to certain adjustments, with cash acquired totaling $1.7 million. The purchase price includes initial consideration of $67.6 million, $3.2 million of estimated post-closing adjustments and $5.0 million of indemnity holdback liabilities. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2020 were as follows: $46.1 million to current assets; $4.9 million to property, plant and equipment; $32.2 million to goodwill; $20.6 million to other intangible assets; $21.2 million to current liabilities and $5.1 million to noncurrent liabilities. The acquisitions are subject to customary adjustments based on, among other things, the amount of cash, debt and working capital in the business as of the closing date. Purchase price allocations for these acquisitions are preliminary and will be finalized within one year of the respective acquisition dates. The Company issued debt to finance these acquisitions.

In 2019, the gross aggregate consideration for acquisitions was $56.8 million, subject to certain adjustments, and includes $1.2 million of debt assumed. The amounts allocated to the aggregated assets acquired and liabilities assumed during 2019 were as follows: $15.8 million to current assets; $16.7 million to property, plant and equipment; $23.1 million to goodwill; $6.7 million to other intangible assets; $500,000 to other noncurrent assets; $5.9 million to current liabilities and $100,000 to noncurrent liabilities. At December 31, 2019, the purchase price adjustments for Viesko Redi-Mix, Inc. have been settled and no material adjustments were made to the provisional accounting. Purchase price allocations for Pride Electric, Inc. and Roadrunner Ready Mix, Inc. are preliminary and will be finalized within one year of the respective acquisition dates. The Company issued debt and equity securities to finance these acquisitions.

Costs incurred for acquisitions are included in operation and maintenance expense on the Consolidated Statements of Income and were not material for the three months ended March 31, 2020 and 2019.

Note 10 - Leases

The Company's leases primarily include operating leases for equipment, buildings, easements and vehicles. The Company leases certain equipment to third parties through its utility and construction services segments, which are also considered operating leases.

The Company recognized revenue from operating leases of $12.1 million and $14.0 million for the three months ended March 31, 2020 and 2019, respectively. The majority of the Company's operating leases are short-term leases of less than 12 months. At March 31, 2020, the Company had $11.1 million of lease receivables with a majority due within 12 months.

Note 11 - Goodwill and other intangible assets

The changes in the carrying amount of goodwill were as follows:

	Balance at January 1, 2020	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at March 31, 2020
		(In thousands)		
Natural gas distribution	$ 345,736	$ —	$ —	$ 345,736
Construction materials and contracting	217,234	6,483	—	223,717
Construction services	118,388	25,686	—	144,074
Total	$ 681,358	$ 32,169	$ —	$ 713,527

	Balance at January 1, 2019	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at March 31, 2019
		(In thousands)		
Natural gas distribution	$ 345,736	$ —	$ —	$ 345,736
Construction materials and contracting	209,421	14,473	—	223,894
Construction services	109,765	—	—	109,765
Total	$ 664,922	$ 14,473	$ —	$ 679,395

	Balance at January 1, 2019	Goodwill Acquired During the Year	Measurement Period Adjustments	Balance at December 31, 2019
		(In thousands)		
Natural gas distribution	$ 345,736	$ —	$ —	$ 345,736
Construction materials and contracting	209,421	14,482	(6,669)	217,234
Construction services	109,765	8,623	—	118,388
Total	$ 664,922	$ 23,105	$ (6,669)	$ 681,358

During 2020 and 2019, the Company completed two and three business combinations, respectively, and the results of these acquisitions have been included in the Company's construction materials and contracting and construction services segments. These business combinations increased the construction materials and contracting segment's goodwill balance at March 31, 2020 and 2019, and December 31, 2019, respectively, and increased the construction services segment's goodwill balance at March 31, 2020 and December 31, 2019, respectively, as noted in the previous tables. As a result of the business combinations, other intangible assets increased $21.0 million at March 31, 2020, compared to December 31, 2019. For more information related to these business combinations, see Note 9.

Other amortizable intangible assets were as follows:

	March 31, 2020	March 31, 2019	December 31, 2019
		(In thousands)	
Customer relationships	$ 30,087	$ 14,471	$ 17,958
Less accumulated amortization	4,138	5,156	6,268
	25,949	9,315	11,690
Noncompete agreements	4,229	3,179	3,439
Less accumulated amortization	1,928	1,730	1,957
	2,301	1,449	1,482
Other	13,060	6,458	8,094
Less accumulated amortization	7,060	5,542	6,020
	6,000	916	2,074
Total	$ 34,250	$ 11,680	$ 15,246

Amortization expense for amortizable intangible assets for the three months ended March 31, 2020 and 2019, was $2.0 million and $600,000, respectively. Estimated amortization expense for identifiable intangible assets as of March 31, 2020, was:

	Remainder of 2020	2021	2022	2023	2024	Thereafter
			(In thousands)			
Amortization expense	$ 8,048	$ 5,199	$ 4,711	$ 4,490	$ 4,160	$ 7,642

Note 12 - Regulatory assets and liabilities

The following table summarizes the individual components of unamortized regulatory assets and liabilities:

	Estimated Recovery Period as of March 31, 2020 *	March 31, 2020	March 31, 2019	December 31, 2019
			(In thousands)	
Regulatory assets:				
Current:				
Natural gas costs recoverable through rate adjustments	Up to 1 year	$ 39,805	$ 61,236	$ 42,823
Cost recovery mechanisms	Up to 1 year	6,686	6,661	6,288
Conservation programs	Up to 1 year	6,303	5,613	6,963
Other	Up to 1 year	2,412	984	7,539
		55,206	74,494	63,613
Noncurrent:				
Pension and postretirement benefits	**	157,051	165,879	157,069
Asset retirement obligations	Over plant lives	67,475	63,633	66,000
Plant to be retired	-	41,080	6,691	32,931
Natural gas costs recoverable through rate adjustments	Up to 3 years	33,027	30,229	46,381
Manufactured gas plant site remediation	-	15,699	17,064	15,126
Cost recovery mechanisms	Up to 10 years	11,891	11,174	13,108
Taxes recoverable from customers	Over plant lives	11,082	11,858	11,486
Long-term debt refinancing costs	Up to 17 years	4,133	4,746	4,286
Costs related to identifying generation development	Up to 7 years	1,937	2,394	2,052
Other	Up to 19 years	4,814	5,451	5,345
		348,189	319,119	353,784
Total regulatory assets		$ 403,395	$ 393,613	$ 417,397
Regulatory liabilities:				
Current:				
Natural gas costs refundable through rate adjustments		$ 32,181	$ 29,739	$ 23,825
Taxes refundable to customers		4,002	8,139	3,472
Other		23,889	23,512	15,638
		60,072	61,390	42,935
Noncurrent:				
Taxes refundable to customers		240,148	259,638	246,034
Plant removal and decommissioning costs		174,120	172,569	173,722
Pension and postretirement benefits		18,040	15,239	18,065
Other		10,897	9,638	9,549
		443,205	457,084	447,370
Total regulatory liabilities		$ 503,277	$ 518,474	$ 490,305
Net regulatory position		$ (99,882)	$ (124,861)	$ (72,908)

* Estimated recovery period for regulatory assets currently being recovered in rates charged to customers.

** Recovered as expense is incurred or cash contributions are made.

A portion of the Company's regulatory assets are not earning a return; however, these regulatory assets are expected to be recovered from customers in future rates. As of March 31, 2020 and 2019, and December 31, 2019, approximately $285.8 million, $279.4 million and $276.5 million, respectively, of regulatory assets were not earning a rate of return.

In 2019, the Company experienced increased natural gas costs in Washington from the rupture of the Enbridge pipeline in Canada in late 2018. As a result, the Company requested, and the WUTC approved, recovery of the balance of natural gas costs recoverable related to this

period of time over three years rather than its normal one-year recovery period.

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units in early 2021 and early 2022. The Company has accelerated the depreciation related to these facilities in property, plant and equipment and has recorded the difference between the accelerated depreciation, in accordance with GAAP, and the depreciation approved for

rate-making purposes as regulatory assets. The Company expects to recover the regulatory assets related to the plants to be retired in future rates.

If, for any reason, the Company's regulated businesses cease to meet the criteria for application of regulatory accounting for all or part of their operations, the regulatory assets and liabilities relating to those portions ceasing to meet such criteria would be removed from the balance sheet and included in the statement of income or accumulated other comprehensive income (loss) in the period in which the discontinuance of regulatory accounting occurs.

Note 13 - Fair value measurements

The Company measures its investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. The Company anticipates using these investments, which consist of an insurance contract, to satisfy its obligations under its unfunded, nonqualified defined benefit plans for executive officers and certain key management employees, and invests in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled $83.3 million, $80.2 million and $87.0 million, at March 31, 2020 and 2019, and December 31, 2019, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized loss on these investments was $3.7 million for the three months ended March 31, 2020. The net unrealized gain on these investments was $6.4 million for the three months ended March 31, 2019. The change in fair value, which is considered part of the cost of the plan, is classified in other income (expense) on the Consolidated Statements of Income.

The Company did not elect the fair value option, which records gains and losses in income, for its available-for-sale securities, which include mortgage-backed securities and U.S. Treasury securities. These available-for-sale securities are recorded at fair value and are classified as investments on the Consolidated Balance Sheets. Unrealized gains or losses are recorded in accumulated other comprehensive income (loss). Details of available-for-sale securities were as follows:

March 31, 2020	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
Mortgage-backed securities	$ 9,691	$ 236	$ —	$ 9,927
U.S. Treasury securities	1,173	12	—	1,185
Total	$ 10,864	$ 248	$ —	$ 11,112

March 31, 2019	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
Mortgage-backed securities	$ 10,679	$ 31	$ 88	$ 10,622
U.S. Treasury securities	179	—	—	179
Total	$ 10,858	$ 31	$ 88	$ 10,801

December 31, 2019	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
Mortgage-backed securities	$ 9,804	$ 87	$ 10	$ 9,881
U.S. Treasury securities	1,228	1	—	1,229
Total	$ 11,032	$ 88	$ 10	$ 11,110

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the Company's assets and liabilities measured on a recurring basis are determined using the market approach. The Company's Level 2 money market funds are valued at the net asset value of shares held at the end of the quarter, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Company's Level 2 mortgage-backed securities and U.S. Treasury securities are based on comparable market transactions, other observable inputs or other sources, including pricing from outside sources. The estimated fair value of the Company's Level 2 insurance contract is based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

Though the Company believes the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

The Company's assets measured at fair value on a recurring basis were as follows:

	Fair Value Measurements at March 31, 2020, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2020
		(In thousands)		
Assets:				
Money market funds	$ —	$ 8,470	$ —	$ 8,470
Insurance contract*	—	83,254	—	83,254
Available-for-sale securities:				
Mortgage-backed securities	—	9,927	—	9,927
U.S. Treasury securities	—	1,185	—	1,185
Total assets measured at fair value	$ —	$ 102,836	$ —	$ 102,836

* The insurance contract invests approximately 58 percent in fixed-income investments, 20 percent in common stock of large-cap companies, 8 percent in common stock of mid-cap companies, 8 percent in common stock of small-cap companies, 4 percent in target date investments and 2 percent in cash equivalents.

	Fair Value Measurements at March 31, 2019, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2019
		(In thousands)		
Assets:				
Money market funds	$ —	$ 10,540	$ —	$ 10,540
Insurance contract*	—	80,243	—	80,243
Available-for-sale securities:				
Mortgage-backed securities	—	10,622	—	10,622
U.S. Treasury securities	—	179	—	179
Total assets measured at fair value	$ —	$ 101,584	$ —	$ 101,584

* The insurance contract invests approximately 51 percent in fixed-income investments, 22 percent in common stock of large-cap companies, 12 percent in common stock of mid-cap companies, 11 percent in common stock of small-cap companies, 3 percent in target date investments and 1 percent in cash equivalents.

	Fair Value Measurements at December 31, 2019, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
		(In thousands)		
Assets:				
Money market funds	$ —	$ 8,440	$ —	$ 8,440
Insurance contract*	—	87,009	—	87,009
Available-for-sale securities:				
Mortgage-backed securities	—	9,881	—	9,881
U.S. Treasury securities	—	1,229	—	1,229
Total assets measured at fair value	$ —	$ 106,559	$ —	$ 106,559

* The insurance contract invests approximately 51 percent in fixed-income investments, 23 percent in common stock of large-cap companies, 12 percent in common stock of mid-cap companies, 10 percent in common stock of small-cap companies, 3 percent in target date investments and 1 percent in cash equivalents.

The Company applies the provisions of the fair value measurement standard to its nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The Company reviews the carrying value of its long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

The Company performed a fair value assessment of the assets acquired and liabilities assumed in the business combinations that have occurred during 2020 and 2019. For more information on these Level 2 and Level 3 fair value measurements, see Note 9.

The Company's long-term debt is not measured at fair value on the Consolidated Balance Sheets and the fair value is being provided for disclosure purposes only. The fair value was categorized as Level 2 in the fair value hierarchy and was based on discounted future cash flows using current market interest rates. The estimated fair value of the Company's Level 2 long-term debt was as follows:

	March 31, 2020	March 31, 2019	December 31, 2019
		(In thousands)	
Carrying amount	$ 2,455,235	$ 2,198,027	$ 2,243,107
Fair value	$ 2,618,297	$ 2,263,305	$ 2,418,631

The carrying amounts of the Company's remaining financial instruments included in current assets and current liabilities approximate their fair values.

Note 14 - Debt

Certain debt instruments of the Company's subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt agreements, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at March 31, 2020. In the event the Company's subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

Montana-Dakota's and Centennial's respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under their credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries. Due to the impacts of the COVID-19 pandemic on the short-term capital markets, the Company borrowed under its revolving credit agreements in addition to accessing the commercial paper markets.

Long-term debt

Long-term Debt Outstanding Long-term debt outstanding was as follows:

	Weighted Average Interest Rate at March 31, 2020	March 31, 2020	March 31, 2019	December 31, 2019
			(In thousands)	
Senior Notes due on dates ranging from October 22, 2022 to November 18, 2059	4.45%	$ 1,850,000	$ 1,381,000	$ 1,850,000
Commercial paper supported by revolving credit agreements	1.88%	265,000	473,900	222,900
Term Loan Agreement due on September 3, 2032	2.00%	9,100	209,800	9,100
Credit agreements due on June 7, 2024 and December 19, 2024	3.00%	259,550	62,875	89,050
Medium-Term Notes due on dates ranging from September 1, 2020 to March 16, 2029	6.68%	50,000	50,000	50,000
Other notes due on dates ranging from July 15, 2021 to November 30, 2038	4.59%	28,374	26,251	29,117
Less unamortized debt issuance costs		6,640	5,410	7,010
Less discount		149	389	50
Total long-term debt		2,455,235	2,198,027	2,243,107
Less current maturities		16,560	251,846	16,540
Net long-term debt		$ 2,438,675	$ 1,946,181	$ 2,226,567

Schedule of Debt Maturities Long-term debt maturities, which excludes unamortized debt issuance costs and discount, as of March 31, 2020, were as follows:

	Remainder of 2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Long-term debt maturities	$ 15,788	$ 1,525	$ 148,021	$ 77,921	$ 585,971	$ 1,632,798

Note 15 - Cash flow information

Cash expenditures for interest and income taxes were as follows:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Interest, net*	$ 15,978	$ 19,067
Income taxes paid (refunded), net**	$ (1)	$ 29

* AFUDC - borrowed was $627,000 and $556,000 for the three months ended March 31, 2020 and 2019, respectively.

** Income taxes paid, including discontinued operations, were $146,000 and $132,000 for the three months ended March 31, 2020 and 2019, respectively.

Noncash investing and financing transactions were as follows:

	March 31, 2020	March 31, 2019	December 31, 2019
	(In thousands)		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 10,655	$ 2,731	$ 54,880
Property, plant and equipment additions in accounts payable	$ 27,425	$ 27,655	$ 46,119
Accrual for holdback payment related to a business combination	$ 5,000	$ —	$ —
Debt assumed in connection with a business combination	$ —	$ 1,163	$ 1,163

Note 16 - Business segment data

The Company's reportable segments are those that are based on the Company's method of internal reporting, which generally segregates the strategic business units due to differences in products, services and regulation. The internal reporting of these operating segments is defined based on the reporting and review process used by the Company's chief executive officer. The vast majority of the Company's operations are located within the United States.

The electric segment generates, transmits and distributes electricity in Montana, North Dakota, South Dakota and Wyoming. The natural gas distribution segment distributes natural gas in those states, as well as in Idaho, Minnesota, Oregon and Washington. These operations also supply related value-added services.

The pipeline segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States. This segment also provides cathodic protection and other energy-related services.

The construction materials and contracting segment mines, processes and sells construction aggregates (crushed stone, sand and gravel); produces and sells asphalt mix; and supplies ready-mixed concrete. This segment focuses on vertical integration of its contracting services with its construction materials to support the aggregate based product lines including aggregate placement, asphalt and concrete paving, and site development and grading. Although not common to all locations, other products include the sale of cement, liquid asphalt for various commercial and roadway applications, various finished concrete products and other building materials and related contracting services. This segment operates in the central, southern and western United States, including Alaska and Hawaii.

The construction services segment provides inside and outside specialty contracting services. Its inside services include design, construction and maintenance of electrical and communication wiring and infrastructure, fire suppression systems, and mechanical piping and services. Its outside services include design, construction and maintenance of overhead and underground electrical distribution and transmission lines, substations, external lighting, traffic signalization, and gas pipelines, as well as utility excavation and the manufacture and distribution of transmission line construction equipment. This segment also constructs and maintains renewable energy projects. These specialty contracting services are provided to utilities and large manufacturing, commercial, industrial, institutional and government customers.

The Other category includes the activities of Centennial Capital, which, through its subsidiary InterSource Insurance Company, insures various types of risks as a captive insurer for certain of the Company's subsidiaries. The function of the captive insurer is to fund the self-insured layers of the insured Company's general liability, automobile liability, pollution liability and other coverages. Centennial Capital also owns certain real and personal property. In addition, the Other category includes certain assets, liabilities and tax adjustments of the holding company primarily associated with corporate functions and certain general and administrative costs (reflected in operation and maintenance expense) and interest expense, which were previously allocated to the refining business and Fidelity and do not meet the criteria for income (loss) from discontinued operations. The Other category also includes Centennial Resources' former investment in Brazil.

Discontinued operations include the results and supporting activities of Dakota Prairie Refining and Fidelity other than certain general and administrative costs and interest expense as described above.

The information below follows the same accounting policies as described in Note 1 of the Notes to Consolidated Financial Statements in the 2019 Annual Report. Information on the Company's segments was as follows:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
External operating revenues:		
Regulated operations:		
Electric	$ 85,908	$ 92,566
Natural gas distribution	326,443	342,147
Pipeline	6,331	4,904
	418,682	439,617
Nonregulated operations:		
Pipeline	4,324	3,709
Construction materials and contracting	262,144	227,113
Construction services	512,205	420,733
Other	18	19
	778,691	651,574
Total external operating revenues	$ 1,197,373	$ 1,091,191
Intersegment operating revenues:		
Regulated operations:		
Electric	$ 195	$ —
Natural gas distribution	185	—
Pipeline	25,183	23,922
	25,563	23,922
Nonregulated operations:		
Pipeline	16	33
Construction materials and contracting	63	95
Construction services	2,470	129
Other	2,973	7,824
	5,522	8,081
Intersegment eliminations	(31,085)	(32,003)
Total intersegment operating revenues	$ —	$ —

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Operating income (loss):		
Electric	$ 14,859	$ 17,987
Natural gas distribution	49,998	50,317
Pipeline	11,419	9,904
Construction materials and contracting	(43,269)	(41,580)
Construction services	23,796	27,465
Other	267	125
Total operating income	$ 57,070	$ 64,218
Net income (loss):		
Regulated operations:		
Electric	$ 11,374	$ 15,505
Natural gas distribution	32,369	36,500
Pipeline	7,386	7,004
	51,129	59,009
Nonregulated operations:		
Pipeline	(13)	(163)
Construction materials and contracting	(38,215)	(34,449)
Construction services	16,823	20,024
Other	(4,185)	(3,332)
	(25,590)	(17,920)
Income from continuing operations	25,539	41,089
Loss from discontinued operations, net of tax	(409)	(163)
Net income	$ 25,130	$ 40,926

Note 17 - Employee benefit plans

Pension and other postretirement plans

The Company has noncontributory qualified defined benefit pension plans and other postretirement benefit plans for certain eligible employees. Components of net periodic benefit cost (credit) for the Company's pension and other postretirement benefit plans were as follows:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31,	2020	2019	2020	2019
	(In thousands)			
Components of net periodic benefit cost (credit):				
Service cost	$ —	$ —	$ 352	$ 344
Interest cost	2,973	3,773	591	780
Expected return on assets	(4,761)	(5,120)	(1,248)	(1,220)
Amortization of prior service credit	—	—	(297)	(349)
Amortization of net actuarial loss	1,863	1,355	2	97
Net periodic benefit cost (credit), including amount capitalized	75	8	(600)	(348)
Less amount capitalized	—	—	32	31
Net periodic benefit cost (credit)	$ 75	$ 8	$ (632)	$ (379)

The components of net periodic benefit cost (credit), other than the service cost component, are included in other income on the Consolidated Statements of Income. The service cost component is included in operation and maintenance expense on the Consolidated Statements of Income.

Nonqualified defined benefit plans

In addition to the qualified defined benefit pension plans reflected in the table at the beginning of this note, the Company also has unfunded,

nonqualified defined benefit plans for executive officers and certain key management employees. The Company's net periodic benefit cost for these plans was $1.0 million and $1.1 million for the three months ended March 31, 2020 and

2019, respectively. The components of net periodic benefit cost for these plans are included in other income on the Consolidated Statements of Income.

Note 18 - Regulatory matters

The Company regularly reviews the need for electric and natural gas rate changes in each of the jurisdictions in which service is provided. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. Certain regulatory proceedings and cases may also contain recurring mechanisms that can have an annual true-up. Examples of these recurring mechanisms include: infrastructure riders, transmission trackers, renewable resource cost adjustment riders, as well as weather normalization and decoupling mechanisms. The following paragraphs summarize the Company's significant regulatory proceedings and cases by jurisdiction, including the status of each open request, as well as updates to those reported in the 2019 Annual Report. The Company is unable to predict the ultimate outcome of these matters, the timing of final decisions of the various regulators and courts, or the effect on the Company's results of operations, financial position or cash flows.

MNPUC

On September 27, 2019, Great Plains filed an application with the MNPUC for a natural gas rate increase of approximately $2.9 million annually or approximately 12.0 percent above current rates. The requested increase was primarily to recover investments in facilities to enhance safety and reliability and the depreciation and taxes associated with the increase in investment. On November 22, 2019, Great Plains received approval to implement an interim rate increase of approximately $2.6 million or approximately 11.0 percent, subject to refund, effective January 1, 2020. This matter is pending before the MNPUC.

On April 20, 2020, Great Plains filed a request with the MNPUC to use deferred accounting for costs related to the COVID-19 pandemic. This matter is pending before the MNPUC.

MTPSC

On November 1, 2019, Montana-Dakota submitted an application with the MTPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and Units 1 and 2 at Heskett Station near Mandan, North Dakota. This matter is pending before the MTPSC.

NDPSC

On August 28, 2019, Montana-Dakota filed an application with the NDPSC for an advanced determination of prudence and a certificate of public convenience and necessity to construct, own and operate Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota.

On September 16, 2019, Montana-Dakota submitted an application with the NDPSC requesting the use of deferred accounting for the treatment of costs related to the retirement of Lewis & Clark Station in Sidney, Montana, and Units 1 and 2 at Heskett Station near Mandan, North Dakota.

On April 2, 2020, a combined settlement, for the previously discussed matters, was filed with the NDPSC. The settlement recommended approval of the advanced determination of prudence and deferred accounting. A consolidated hearing was held on April 30, 2020. This matter is pending before the NDPSC.

On April 24, 2020, Montana-Dakota filed a request with the NDPSC to use deferred accounting for costs related to the COVID-19 pandemic. This matter is pending before the NDPSC.

OPUC

On March 26, 2020, Cascade filed a request with the OPUC to use deferred accounting for costs related to the COVID-19 pandemic. This matter is pending before the OPUC.

On March 31, 2020, Cascade filed a general rate case with the OPUC requesting an increase in annual revenue of approximately $4.9 million or approximately 7.2 percent, which included a request for an additional recovery of environmental remediation deferred costs of approximately $364,000. This matter is pending before the OPUC.

SDPUC

Montana-Dakota has a transmission cost recovery rider that allows annual updates to rates for actual costs for transmission-related projects and services. On February 28, 2020, Montana-Dakota filed a change to its transmission cost recovery rates to reflect projected charges for 2020 assessed to Montana-Dakota for transmission-related services provided by MISO and Southwest Power Pool, along with the projected transmission service revenues or credits received for the same time period. Montana-Dakota also requested recovery of two transmission capital projects. Total revenues of approximately $764,000, which reflects a true-up of the prior period adjustment, were requested resulting in a decrease in current rates of approximately $15,000 or approximately 1.9 percent. Also included was approximately $87,000 related to transmission capital projects. On April 20, 2020, the SDPUC approved the rates as requested with an effective date of May 1, 2020.

Montana-Dakota has an infrastructure rider rate tariff that allows for annual adjustments for recent projected capital costs and related expenses for projects determined to be recoverable under the electric tariff. On February 28, 2020, Montana-Dakota filed an annual update to its infrastructure rider requesting to recover a revenue requirement of approximately $1.3 million annually, which includes the prior period true-up adjustment, resulting in an increase of approximately $242,000 from revenues currently included in rates effective July 1, 2019. On April 29, 2020, the SDPUC approved the rates as requested with an effective date of May 1, 2020.

On May 1, 2020, Montana-Dakota filed a request with the SDPUC to use deferred accounting for costs related to the COVID-19 pandemic. This matter is pending before the SDPUC.

WYPSC

On May 23, 2019, Montana-Dakota filed an application with the WYPSC for a natural gas rate increase of approximately $1.1 million annually or approximately 7.0 percent above current rates. The requested increase was to recover increased operating expenses and investments in distribution facilities to improve system safety and reliability. On December 17, 2019, Montana-Dakota filed a settlement agreement with the WYPSC reflecting an annual increase in revenues of approximately $830,000 or approximately 5.5 percent. On January 15, 2020, the WYPSC approved the settlement agreement with rates effective on March 1, 2020.

Note 19 - Contingencies

The Company is party to claims and lawsuits arising out of its business and that of its consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual, statutory and regulatory obligations. The Company accrues a liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss including, but not limited to when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At March 31, 2020 and 2019, and December 31, 2019, the Company accrued liabilities which have not been discounted, including liabilities held for sale, of $33.1 million, $32.4 million and $29.1 million, respectively. The accruals are for contingencies, including litigation, production taxes, royalty claims and environmental matters. This includes amounts that have been accrued for matters discussed in Environmental matters within this note. The Company will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon the Company's financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

Environmental matters

The Company is a party to claims for the cleanup of environmental contamination at certain manufactured gas plant sites, as well as a superfund site. There were no material changes to the Company's environmental matters that were previously reported in the 2019 Annual Report.

Guarantees

In 2009, multiple sale agreements were signed to sell the Company's ownership interests in the Brazilian Transmission Lines. In connection with the sale, Centennial agreed to guarantee payment of any indemnity obligations of certain of the Company's indirect wholly owned subsidiaries. The remaining guarantee is expected to expire in 2021. The guarantees were required by the buyers as a condition to the sale of the Brazilian Transmission Lines.

Certain subsidiaries of the Company have outstanding guarantees to third parties that guarantee the performance of other subsidiaries of the Company. These guarantees are related to construction contracts, insurance deductibles and loss limits, and certain other guarantees. At March 31, 2020, the fixed maximum amounts guaranteed under these agreements aggregated $292.0 million. Certain of the guarantees also have no fixed maximum amounts specified. At March 31, 2020, the amounts of scheduled expiration of the maximum amounts guaranteed under these agreements aggregate to $129.2 million in 2020; $151.3 million in 2021; $400,000 in 2022; $500,000 in 2023; $500,000 in 2024; $1.1 million thereafter; and $9.0 million, which has no scheduled maturity date. There were no amounts outstanding under the previously mentioned guarantees at March 31, 2020. In the event of default under these guarantee obligations, the subsidiary issuing the guarantee for that particular obligation would be required to make payments under its guarantee.

Certain subsidiaries have outstanding letters of credit to third parties related to insurance policies and other agreements, some of which are guaranteed by other subsidiaries of the Company. At March 31, 2020, the fixed maximum amounts guaranteed under

these letters of credit aggregated $26.8 million. At March 31, 2020, the amounts of scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate to $25.0 million in 2020 and $1.8 million in 2021. There were no amounts outstanding under the previously mentioned letters of credit at March 31, 2020. In the event of default under these letter of credit obligations, the subsidiary guaranteeing the letter of credit would be obligated for reimbursement of payments made under the letter of credit.

In addition, Centennial, Knife River and MDU Construction Services have issued guarantees to third parties related to the routine purchase of maintenance items, materials and lease obligations for which no fixed maximum amounts have been specified. These guarantees have no scheduled maturity date. In the event a subsidiary of the Company defaults under these obligations, Centennial, Knife River or MDU Construction Services would be required to make payments under these guarantees. Any amounts outstanding by subsidiaries of the Company were reflected on the Consolidated Balance Sheet at March 31, 2020.

In the normal course of business, Centennial has surety bonds related to construction contracts and reclamation obligations of its subsidiaries. In the event a subsidiary of Centennial does not fulfill a bonded obligation, Centennial would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, Centennial will likely continue to enter into surety bonds for its subsidiaries in the future. At March 31, 2020, approximately $1.2 billion of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

Variable interest entities

The Company evaluates its arrangements and contracts with other entities to determine if they are VIEs and if so, if the Company is the primary beneficiary.

Fuel Contract Coyote Station entered into a coal supply agreement with Coyote Creek that provides for the purchase of coal necessary to supply the coal requirements of the Coyote Station for the period May 2016 through December 2040. Coal purchased under the coal supply agreement is reflected in inventories on the Consolidated Balance Sheets and is recovered from customers as a component of electric fuel and purchased power.

The coal supply agreement creates a variable interest in Coyote Creek due to the transfer of all operating and economic risk to the Coyote Station owners, as the agreement is structured so that the price of the coal will cover all costs of operations, as well as future reclamation costs. The Coyote Station owners are also providing a guarantee of the value of the assets of Coyote Creek as they would be required to buy the assets at book value should they terminate the contract prior to the end of the contract term and are providing a guarantee of the value of the equity of Coyote Creek in that they are required to buy the entity at the end of the contract term at equity value. Although the Company has determined that Coyote Creek is a VIE, the Company has concluded that it is not the primary beneficiary of Coyote Creek because the authority to direct the activities of the entity is shared by the four unrelated owners of the Coyote Station, with no primary beneficiary existing. As a result, Coyote Creek is not required to be consolidated in the Company's financial statements.

At March 31, 2020, the Company's exposure to loss as a result of the Company's involvement with the VIE, based on the Company's ownership percentage, was $35.4 million.

Note 20 - Subsequent event

On April 8, 2020, Montana-Dakota entered into a $75.0 million term loan agreement with a variable interest rate and a maturity date of April 7, 2021.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company is an essential services provider, and its strategy is to enhance shareholder value by increasing market share and profitability in its regulated energy delivery and construction materials and services businesses, and through organic growth opportunities and a disciplined approach to strategic acquisitions of well-managed companies and properties.

The Company operates a two-platform business model. Its regulated energy delivery platform and its construction materials and services platform are each comprised of different operating segments. Some of these segments experience seasonality related to the industries in which they operate. The two-platform approach helps balance this seasonality and the risk associated with each type of industry. Through its regulated energy delivery platform, the Company provides electric and natural gas services to customers; generates, transmits and distributes electricity; and provides natural gas transportation, storage and gathering services. These businesses are regulated by state public service commissions and/or the FERC. The construction materials and services platform provides construction services to a variety of industries, including commercial, industrial and governmental, and provides construction materials through aggregate mining and marketing of related products, such as ready-mixed concrete and asphalt.

The Company is organized into five reportable business segments. These business segments include: electric, natural gas distribution, pipeline, construction materials and contracting, and construction services. The Company's business segments are determined based on the Company's method of internal reporting, which generally segregates the strategic business units based on differences in products, services and regulation. The internal reporting of these segments is defined based on the reporting and review process used by the Company's chief executive officer.

The Company anticipates that all of the funds required for capital expenditures for 2020 will be met from various sources, including internally generated funds; credit facilities and commercial paper of the Company's subsidiaries, as described later; and issuance of debt and equity securities if necessary.

For more information on the Company's capital expenditures, see Liquidity and Capital Commitments.

Impact of the COVID-19 Pandemic on the Company

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. Most of the Company's products and services are considered essential to our country and our communities; therefore, operations have generally been permitted to continue. For more information on specific impacts to each of the Company's business segments, see the respective Outlook sections. The Company has been able to maintain employment for most of its workforce and remains committed to the health and safety of its employees and the communities where it operates. The MDU Resources Group Foundation also accelerated and provided additional donations to charitable organizations impacted by COVID-19 in the communities in which the Company operates.

In March 2020, the President of the United States signed into law the CARES Act in response to the COVID-19 pandemic. The CARES Act provides approximately $2.3 trillion of economic relief and stimulus to support the national economy during the pandemic including support for individuals and businesses affected by the pandemic and economic downturn. The Company did not apply for, nor receive, any loans through the programs made available as a result of the CARES Act. The Company evaluated the provisions of the CARES Act and does not expect the provisions to have a material effect on the Company's financial position or liquidity.

The Company is adjusting its business in response to the pandemic while positioning for an economic rebound and potential opportunities to enhance its competitive position. The Company's business strategy incorporates preparation for unexpected economic adversity, which includes maintaining a strong liquidity position to weather a variety of economic scenarios, a strong balance sheet with conservative debt leverage and financial flexibility to access diverse sources of capital. For more information on the Company's liquidity, see Liquidity and Capital Commitments. In addition, the Company is evaluating its planned capital projects to identify potential expenditures for delay due to the economic environment and to ensure projects will provide acceptable returns on investment.

The Company established a task force to monitor developments related to the pandemic and has implemented procedures consistent with both the CDC and state health departments to protect employees. Procedures are established to promptly notify employees, contractors and customers when individuals may have been exposed to COVID-19 and need to be tested or self-quarantined due to potential contact. Additionally, the Company has modified its work practices to include social distancing measures and hygiene practices. Many employees that have the capacity to do so are currently working from home. The Company has enacted additional physical and cybersecurity measures to safeguard systems for remote work locations.

Although there have been logistical and other challenges to date, there were no material adverse impacts on the Company's first quarter 2020 results of operations. Customer demand remains strong at the construction companies, as evidenced by backlog levels at March 31, 2020. The situation surrounding COVID-19 remains fluid and the potential for a material impact on the Company increases the longer the virus impacts the level of economic activity in the United States. There is a great deal of uncertainty around the overall economic outlook due to the COVID-19 pandemic, and the Company is monitoring the situation closely. For more information on the possible impacts, see Item 1A. Risk Factors.

Consolidated Earnings Overview

The following table summarizes the contribution to the consolidated earnings by each of the Company's business segments.

	Three Months Ended March 31,	
	2020	2019
	(In millions, except per share amounts)	
Electric	$ 11.4	$ 15.5
Natural gas distribution	32.3	36.5
Pipeline	7.4	6.8
Construction materials and contracting	(38.2)	(34.4)
Construction services	16.8	20.0
Other	(4.2)	(3.3)
Income from continuing operations	25.5	41.1
Loss from discontinued operations, net of tax	(.4)	(.2)
Net income	$ 25.1	$ 40.9
Earnings per share - basic:		
Income from continuing operations	$ .13	$ .21
Discontinued operations, net of tax	—	—
Earnings per share - basic	$ .13	$ .21
Earnings per share - diluted:		
Income from continuing operations	$ .13	$ .21
Discontinued operations, net of tax	—	—
Earnings per share - diluted	$ .13	$ .21

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 The Company recognized consolidated earnings of $25.1 million for the quarter ended March 31, 2020, compared to $40.9 million for the same period in 2019.

Negatively impacting the Company's earnings were lower returns on certain benefit plan investments of approximately $10.1 million and an out-of-period adjustment of approximately $6.7 million, net of tax, to correct the revenue recognition on a construction contract, as discussed in Note 1. Also negatively impacting earnings was milder winter weather and higher depreciation expense, partially offset by rate relief, at the electric and natural gas distribution segments. Partially offsetting these decreases were increased earnings at the pipeline business, primarily resulting from higher transportation volumes and rates.

A discussion of key financial data from the Company's business segments follows.

Business Segment Financial and Operating Data

Following are key financial and operating data for each of the Company's business segments. Also included are highlights on key growth strategies, projections and certain assumptions for the Company and its subsidiaries and other matters of the Company's business segments. Many of these highlighted points are "forward-looking statements." For more information, see Forward-Looking Statements. There is no assurance that the Company's projections, including estimates for growth and changes in earnings, will in fact be achieved. Please refer to assumptions contained in this section, as well as the various important factors listed in Part II - Item 1A - Risk Factors and Part I, Item 1A - Risk Factors in the 2019 Annual Report. Changes in such assumptions and factors could cause actual future results to differ materially from the Company's growth and earnings projections.

For information pertinent to various commitments and contingencies, see the Notes to Consolidated Financial Statements. For a summary of the Company's business segments, see Note 16 of the Notes to Consolidated Financial Statements.

Electric and Natural Gas Distribution

Strategy and challenges The electric and natural gas distribution segments provide electric and natural gas distribution services to customers, as discussed in Note 16. Both segments strive to be a top performing utility company measured by integrity, safety, employee satisfaction, customer service and shareholder return, while continuing to focus on providing safe, environmentally friendly, reliable and competitively priced energy and related services to customers. The Company is focused on cultivating organic growth while managing operating costs and continues to monitor opportunities for these segments to retain, grow and expand their customer base through extensions of existing operations, including building and upgrading electric generation, transmission and distribution and natural gas systems, and through selected acquisitions of companies and properties with similar operating and growth objectives at prices that will provide stable cash flows and an opportunity to earn a competitive return on investment. The continued efforts to create operational improvements and efficiencies across both segments promotes the Company's business integration strategy. The primary factors that impact the results of these segments are the ability to earn

authorized rates of return, the cost of natural gas, cost of electric fuel and purchased power, weather, competitive factors in the energy industry, population growth and economic conditions in the segments' service areas.

The electric and natural gas distribution segments are subject to extensive regulation in the jurisdictions where they conduct operations with respect to costs, timely recovery of investments and permitted returns on investment, as well as certain operational, environmental and system integrity regulations. To assist in the reduction of regulatory lag with the increase in investments, tracking mechanisms have been implemented in certain jurisdictions, as further discussed in Note 18. In September 2019, the Pipeline and Hazardous Materials Safety Administration issued additional rules to strengthen the safety of natural gas transmission and storage facilities and hazardous liquid pipelines. The Company is currently evaluating and implementing procedure changes for the initial requirements that become effective July 1, 2020; however, due to the COVID-19 pandemic, enforcement of the initial requirements will not begin until January 1, 2021. Legislative and regulatory initiatives to increase renewable energy resources and reduce GHG emissions could impact the price and demand for electricity and natural gas, as well as increase costs to produce electricity and natural gas. The segments continue to invest in facility upgrades to be in compliance with the existing and future regulations.

Tariff increases on steel and aluminum materials could negatively affect the segments' construction projects and maintenance work. The Company continues to monitor the impact of tariffs on raw material costs. The natural gas distribution segment is also facing increased lead times on delivery of certain raw materials used in pipeline projects. In addition to the effect of tariffs, long lead times are attributable to increased demand for steel products from pipeline companies as they respond to the United States Department of Transportation Pipeline System Safety and Integrity Plan. The Company continues to monitor the material lead times and is working with manufacturers to proactively order such materials to help mitigate the risk of delays due to extended lead times.

The ability to grow through acquisitions is subject to significant competition and acquisition premiums. In addition, the ability of the segments to grow their service territory and customer base is affected by regulatory constraints, the economic environment of the markets served and competition from other energy providers and fuels. The construction of any new electric generating facilities, transmission lines and other service facilities is subject to increasing costs and lead times, extensive permitting procedures, and federal and state legislative and regulatory initiatives, which will likely necessitate increases in electric energy prices.

Revenues are impacted by both customer growth and usage, the latter of which is primarily impacted by weather. Very cold winters increase demand for natural gas and to a lesser extent, electricity, while warmer than normal summers increase demand for electricity, especially among residential and commercial customers. Average consumption among both electric and natural gas customers has tended to decline as more efficient appliances and furnaces are installed, and as the Company has implemented conservation programs. Natural gas decoupling mechanisms in certain jurisdictions have been implemented to largely mitigate the effect that would otherwise be caused by variations in volumes sold to these customers due to weather and changing consumption patterns on the Company's distribution margins.

Earnings overview - The following information summarizes the performance of the electric segment.

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions, where applicable)	
Operating revenues	$ 86.1	$ 92.6
Electric fuel and purchased power	20.6	26.3
Taxes, other than income	.1	.2
Adjusted gross margin	65.4	66.1
Operating expenses:		
Operation and maintenance	30.7	30.2
Depreciation, depletion and amortization	15.5	13.7
Taxes, other than income	4.3	4.2
Total operating expenses	50.5	48.1
Operating income	14.9	18.0
Other income (expense)	(.4)	2.1
Interest expense	6.8	6.4
Income before income taxes	7.7	13.7
Income taxes	(3.7)	(1.8)
Net income	$ 11.4	$ 15.5
Retail sales (million kWh):		
Residential	330.6	379.6
Commercial	375.8	406.2
Industrial	153.0	139.5
Other	20.4	21.9
	879.8	947.2
Average cost of electric fuel and purchased power per kWh	$ .021	$ .025

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the electric segment, see the Non-GAAP Financial Measures section later in this Item.

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 Electric earnings decreased $4.1 million (27 percent) as a result of:

Adjusted gross margin: Decrease of $700,000, largely the result of lower retail sales volumes of approximately 7.1 percent, primarily residential and commercial customer classes, due to milder winter temperatures, partially offset by approved rate relief in Montana.

Operation and maintenance: Increase of $500,000, largely due to higher software costs.

Depreciation, depletion and amortization: Increase of $1.8 million as a result of increased property, plant and equipment balances and higher depreciation rates implemented from the Montana rate case.

Taxes, other than income: Comparable to the same period in the prior year.

Other income (expense): Decrease in income of $2.5 million, primarily due to lower returns on certain of the Company's benefit plan investments.

Interest expense: Increase of $400,000 resulting from higher long-term debt balances.

Income taxes: Increase in income tax benefits of $1.9 million due in part to lower taxable income, as well as increased production tax credits.

Earnings overview - The following information summarizes the performance of the natural gas distribution segment.

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions, where applicable)	
Operating revenues	$ 326.6	$ 342.1
Purchased natural gas sold	190.5	207.8
Taxes, other than income	13.2	12.1
Adjusted gross margin	122.9	122.2
Operating expenses:		
Operation and maintenance	46.0	46.3
Depreciation, depletion and amortization	20.8	19.4
Taxes, other than income	6.1	6.2
Total operating expenses	72.9	71.9
Operating income	50.0	50.3
Other income	.3	2.9
Interest expense	9.2	8.4
Income before income taxes	41.1	44.8
Income taxes	8.8	8.3
Net income	$ 32.3	$ 36.5
Volumes (MMdk)		
Retail sales:		
Residential	27.7	31.4
Commercial	18.8	20.9
Industrial	1.5	1.6
	48.0	53.9
Transportation sales:		
Commercial	.7	.8
Industrial	45.6	40.6
	46.3	41.4
Total throughput	94.3	95.3
Average cost of natural gas per dk	$ 3.97	$ 3.85

Adjusted gross margin is a non-GAAP financial measure. For additional information and reconciliation of the non-GAAP adjusted gross margin attributable to the natural gas distribution segment, see the Non-GAAP Financial Measures section later in this Item.

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 Natural gas distribution earnings decreased $4.2 million (11 percent) as a result of:

Adjusted gross margin: Increase of $700,000, primarily driven by approved rate recovery in certain jurisdictions. The adjusted gross margin was negatively impacted by decreased retail sales volumes due to warmer winter weather in jurisdictions without weather normalization mechanisms in place.

Operation and maintenance: Comparable to the same period in the prior year.

Depreciation, depletion and amortization: Increase of $1.4 million, primarily as a result of increased property, plant and equipment balances.

Taxes, other than income: Comparable to the same period in the prior year.

Other income: Decrease of $2.6 million, primarily due to lower returns on certain of the Company's benefit plan investments offset in part by increased interest income received from customers for financing higher gas costs, as mentioned below.

Interest expense: Increase of $800,000, largely resulting from increased debt balances partially for financing higher gas costs to be collected from customers.

Income taxes: Increase of $500,000 driven by decreased permanent tax benefits.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to providing safe and reliable service while ensuring the health and safety of its employees, customers and the communities in which it operates. In response to the pandemic, the Company has instituted certain measures to help protect its employees from exposure to COVID-19 and to curb potential spread of the virus in customer homes and facilities, including suspension of non-critical services such as disconnects due to changes in home residents or nonpayment of bills. The Company also waived late payment fees effective April 1, 2020, to help customers experiencing financial hardships. As a consequence of the suspended disconnects and waived late fees, the Company's cash flows and collection of receivables may be affected. To date, these segments have not seen a material impact on its demand for commercial, industrial and residential electric and natural gas service loads; however, the Company does expect some impacts to its loads for the rest of the year associated with reduced economic demand from its customers due to the COVID-19 pandemic and oil price impacts, as further discussed below. As previously discussed, the Company is monitoring its capital projects, including the assessment of any regulatory filing needs related to capital projects. This assessment includes an evaluation related to whether trackers need to be filed or reserves need to be established in the event that amounts collected will be in excess of actual costs. At this time, the Company has not identified any changes to regulatory filing plans but will continue to monitor. The Company plans to file requests for the use of deferred accounting for costs related to the COVID-19 pandemic in certain jurisdictions. The Company's most recent filings by jurisdiction related to the COVID-19 pandemic are discussed in Note 18.

The Company expects these segments will grow rate base by approximately 5 percent annually over the next five years on a compound basis. Operations are spread across eight states where the Company expects customer growth to be higher than the national average. Customer growth is expected to grow by 1 percent to 2 percent per year. This customer growth, along with system upgrades and replacements needed to supply safe and reliable service, will require investments in new and replacement electric generation and transmission and natural gas systems.

These segments are exposed to energy price volatility. Rate schedules in the jurisdictions in which the Company's natural gas distribution segment operates contain clauses that permit the Company to file for rate adjustments for changes in the cost of purchased gas. Although changes in the price of natural gas are passed through to customers and have minimal impact on the Company's earnings, the natural gas distribution segment's customers benefit from lower natural gas prices through the Company's utilization of storage and fixed price contracts. Demand for the Company's regulated energy delivery services could be impacted by reduced oil and natural gas exploration and production activity. The Company continues to monitor natural gas prices, as well as the oil and natural gas production levels.

In February 2019, the Company announced that it intends to retire three aging coal-fired electric generating units, resulting from the Company's analysis showing that the plants are no longer expected to be cost competitive for customers. The retirements are expected to be in early 2021 for Lewis & Clark Station in Sidney, Montana, and in early 2022 for Units 1 and 2 at Heskett Station near Mandan, North Dakota. In addition, the Company announced that it intends to construct Heskett Unit 4, an 88-MW simple-cycle natural gas-fired combustion turbine peaking unit at the existing Heskett Station near Mandan, North Dakota. Heskett Unit 4 production costs coupled with the MISO market purchases are expected to be about half the total cost of continuing to run the coal-fired electric generating units at Heskett and Lewis & Clark stations. Heskett Unit 4 was included in the Company's integrated resource plan submitted to the NDPSC in July 2019. On August 28, 2019, the Company filed for an advanced determination of prudence with the NDPSC for Heskett Unit 4. If approved, Heskett Unit 4 is expected to be placed into service in 2023. The Company filed requests for the usage of deferred accounting for the costs related to the retirement of Lewis & Clark Station and Units 1 and 2 at Heskett Station with the NDPSC on September 16, 2019, the MTPSC on November 1, 2019 and the SDPUC on November 8, 2019. The SDPUC approved the use of deferred accounting as requested on January 7, 2020.

The Company continues to be focused on the regulatory recovery of its investments. The Company files for rate adjustments to seek recovery of operating costs and capital investments, as well as reasonable returns as allowed by regulators. The Company's most recent cases by jurisdiction are discussed in Note 18.

Pipeline

Strategy and challenges The pipeline segment provides natural gas transportation, gathering and underground storage services, as discussed in Note 16. The segment focuses on utilizing its extensive expertise in the design, construction and operation of energy infrastructure and related services to increase market share and profitability through optimization of existing operations, organic growth and investments in energy-related assets within or in close proximity to its current operating areas. The segment focuses on the continual safety and reliability of its systems, which entails building, operating and maintaining safe natural gas pipelines and facilities. The segment continues to evaluate growth opportunities including the expansion of storage, gathering and transmission facilities; incremental pipeline projects; and expansion of energy-related services leveraging on its core competencies. In support of this strategy, the Company completed and placed into service the following projects in 2020 and 2019:

- In February 2020, the Demicks Lake Expansion project in McKenzie County, North Dakota, increased capacity by 175 MMcf per day.
- In November 2019, Phase I of the Line Section 22 Expansion project in the Billings, Montana, area increased capacity by 14.3 MMcf per day.
- In September 2019, the Demicks Lake project in McKenzie County, North Dakota, increased capacity by 175 MMcf per day.

The segment is exposed to energy price volatility which is impacted by the fluctuations in pricing, production and basis differentials of the energy market's commodities. Legislative and regulatory initiatives to increase pipeline safety regulations and reduce methane emissions could also impact the price and demand for natural gas.

Tariff increases on steel and aluminum materials could negatively affect the segment's construction projects and maintenance work. The Company continues to monitor the impact of tariffs on raw material costs. The segment experiences extended lead times on raw materials that are critical to the segment's construction and maintenance work. Long lead times on materials could delay maintenance work and project construction potentially causing lost revenues and/or increased costs. The Company continues to proactively monitor and plan for the material lead times, as well as work with manufacturers and suppliers to help mitigate the risk of delays due to extended lead times.

The pipeline segment is subject to extensive regulation including certain operational, environmental and system integrity regulations, as well as various permit terms and operational compliance conditions. In September 2019, the Pipeline and Hazardous Materials Safety Administration issued additional rules to strengthen the safety of natural gas transmission and storage facilities and hazardous liquid pipelines. The Company is currently evaluating and implementing procedure changes for the initial requirements that become effective July 1, 2020; however, due to the COVID-19 pandemic, enforcement of the initial requirements will not begin until January 1, 2021. The segment is charged with the ongoing process of reviewing existing permits and easements, as well as securing new permits and easements as necessary to meet current demand and future growth opportunities. Exposure to pipeline opposition groups could also cause negative impacts on the segment with increased costs and potential delays to project completion.

The segment focuses on the recruitment and retention of a skilled workforce to remain competitive and provide services to its customers. The industry in which it operates relies on a skilled workforce to construct energy infrastructure and operate existing infrastructure in a safe manner. A shortage of skilled personnel can create a competitive labor market which could increase costs incurred by the segment. Competition from other pipeline companies can also have a negative impact on the segment.

Earnings overview - The following information summarizes the performance of the pipeline segment.

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Operating revenues	$ 35.8	$ 32.6
Operating expenses:		
Operation and maintenance	15.0	14.6
Depreciation, depletion and amortization	5.8	4.8
Taxes, other than income	3.6	3.3
Total operating expenses	24.4	22.7
Operating income	11.4	9.9
Other income	—	.6
Interest expense	1.9	1.8
Income before income taxes	9.5	8.7
Income taxes	2.1	1.9
Net income	$ 7.4	$ 6.8
Transportation volumes (MMdk)	111.7	98.7
Natural gas gathering volumes (MMdk)	3.3	3.4
Customer natural gas storage balance (MMdk):		
Beginning of period	16.2	13.9
Net withdrawal	(12.4)	(11.6)
End of period	3.8	2.3

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 Pipeline earnings increased $600,000 (8 percent) as a result of:

Revenues: Increase of $3.2 million, largely attributable to increased volumes of natural gas transported through its system as a result of organic growth projects, as previously discussed in Strategy and challenges, and increased rates effective May 1, 2019, due to the FERC rate case finalized in September 2019. Revenue was also positively impacted by nonregulated projects.

Operation and maintenance: Increase of $400,000, attributable to an increase in nonregulated project costs as a result of higher nonregulated project revenues.

Depreciation, depletion and amortization: Increase of $1.0 million, primarily due to higher depreciation rates effective May 1, 2019, due to the FERC rate case finalized in September 2019, as previously mentioned, and increased property, plant and equipment balances, largely the result of organic growth projects that have been placed into service.

Taxes, other than income: Increase of $300,000 resulting from higher property taxes in certain jurisdictions.

Other income: Decrease of $600,000 as a result of lower returns on certain of the Company's benefit plan investments.

Interest expense: Comparable to the same period in the prior year.

Income taxes: Comparable to the same period in the prior year.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to providing safe, reliable and compliant service while ensuring the health and safety of its employees, customers and the communities in which it operates. The Company has experienced limited availability of personal protective equipment but has been able to obtain sufficient supplies to keep essential work activities moving forward. The Company is monitoring capital and maintenance projects and has experienced some project delays, including pausing construction on Phase II of the Line Section 22 Expansion project, discussed below, due to concerns with food services and hotel stays for traveling employees. The Company does not expect delays to its regulatory filings due to the pandemic.

The Company has continued to experience the effects of natural gas production at record levels, which has provided opportunities for organic growth projects and increased demand. The completion of organic growth projects has contributed to the Company transporting increasing volumes of natural gas through its system. Reduced global oil demand due to the COVID-19 pandemic and disagreements in oil supply levels between the Organization of the Petroleum Exporting Countries and other countries have led to record low oil prices. The record levels of natural gas supply over the last few years have moderated the need for storage services and put downward pressure on natural gas prices and minimized price volatility. The Company believes there will continue to be varying pressures on natural gas production levels and prices due to these circumstances. Although the recent decrease in oil and natural gas prices has slowed drilling activities, the Company continues to focus on growth and improving existing operations through organic projects in all areas in which it operates. The following describes current growth projects.

The Company began construction on the Line Section 22 Expansion project in the Billings, Montana, area in May 2019. Phase I of the project was placed into service in November 2019, as previously discussed. Phase II has an expected in-service date in the third quarter of 2020 and is designed to increase capacity by 8.2 MMcf per day to serve incremental demand in Billings, Montana. The Company has signed long-term contracts supporting the project.

In January 2019, the Company announced the North Bakken Expansion project, which includes construction of a new pipeline, compression and ancillary facilities to transport natural gas from core Bakken production areas near Tioga, North Dakota, to a new connection with Northern Border Pipeline in McKenzie County, North Dakota. The Company's long-term customer commitments and anticipated incremental commitments with the forecasted levels of natural gas production in the Bakken region support the project at a design capacity of 350 MMcf per day. Construction is expected to begin in early 2021 with an estimated completion date late in 2021, which is dependent on regulatory and environmental permitting. On February 14, 2020, the Company filed with the FERC its application for this project. FERC approval of the project is anticipated in early 2021. The Company continues to evaluate and monitor the impact of low oil prices on forecasted levels of natural gas production in the Bakken and expects delayed timing on the forecasted natural gas production growth, which could impact the project.

In December 2019, the Company entered into a purchase and sale agreement with Scout Energy Group II, LP to divest of its regulated gathering assets located in Montana and North Dakota, which includes approximately 400 miles of natural gas gathering pipelines and associated compression and ancillary facilities. On January 8, 2020, the Company filed an application with the FERC to authorize abandonment by sale of the gathering assets and received FERC approval on April 2, 2020. The sale closed in April 2020 with an effective date of January 1, 2020.

Construction Materials and Contracting

Strategy and challenges The construction materials and contracting segment provides an integrated set of aggregate-based construction services, as discussed in Note 16. The segment focuses on high-growth strategic markets located near major transportation corridors and desirable mid-sized metropolitan areas; strengthening the long-term, strategic aggregate reserve position through available purchase and/or lease opportunities; enhancing profitability through cost containment, margin discipline and vertical integration of the segment's operations; development and recruitment of talented employees; and continued growth through organic and acquisition opportunities.

A key element of the Company's long-term strategy for this business is to further expand its market presence in the higher-margin materials business (rock, sand, gravel, liquid asphalt, asphalt concrete, ready-mixed concrete and related products), complementing and expanding on the segment's expertise. The Company's acquisition activity supports this strategy.

As one of the country's largest sand and gravel producers, the segment continues to strategically manage its approximately 1.1 billion tons of aggregate reserves in all its markets, as well as take further advantage of being vertically integrated. The

segment's vertical integration allows the segment to manage operations from aggregate mining to final lay-down of concrete and asphalt, with control of and access to permitted aggregate reserves being significant. The Company's aggregate reserves are naturally declining and as a result, the Company seeks acquisition opportunities to replace the reserves. In the first quarter of 2019, the Company purchased additional aggregate deposits in Texas that are estimated to contain a 40-year supply of high-quality aggregates. Also, during 2019, the Company increased aggregate reserves by approximately 40 million tons largely due to strategic asset purchases.

The construction materials and contracting segment faces challenges that are not under the direct control of the business. The segment operates in geographically diverse and highly competitive markets. Competition can put negative pressure on the segment's operating margins. The segment is also subject to volatility in the cost of raw materials such as diesel fuel, gasoline, liquid asphalt, cement and steel. Such volatility can have a negative impact on the segment's margins. Other variables that can impact the segment's margins include adverse weather conditions, the timing of project starts or completion and declines or delays in new and existing projects due to the cyclical nature of the construction industry and governmental infrastructure spending.

The segment also faces challenges in the recruitment and retention of employees. Trends in the labor market include an aging workforce and availability issues. The segment continues to face increasing pressure to control costs, as well as find and train a skilled workforce to meet the needs of increasing demand and seasonal work.

Earnings overview - The following information summarizes the performance of the construction materials and contracting segment.

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Operating revenues	$ 262.2	$ 227.2
Cost of sales:		
Operation and maintenance	250.7	220.8
Depreciation, depletion and amortization	19.6	16.8
Taxes, other than income	9.5	8.4
Total cost of sales	279.8	246.0
Gross margin	(17.6)	(18.8)
Selling, general and administrative expense:		
Operation and maintenance	22.4	20.0
Depreciation, depletion and amortization	1.0	.8
Taxes, other than income	2.3	2.0
Total selling, general and administrative expense	25.7	22.8
Operating loss	(43.3)	(41.6)
Other income (expense)	(1.1)	1.3
Interest expense	5.2	5.3
Loss before income taxes	(49.6)	(45.6)
Income taxes	(11.4)	(11.2)
Net loss	$ (38.2)	$ (34.4)
Sales (000's):		
Aggregates (tons)	4,217	3,871
Asphalt (tons)	227	166
Ready-mixed concrete (cubic yards)	704	608

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 Construction materials and contracting's seasonal loss increased $3.8 million (11 percent) as a result of:

Revenues: Increase of $35.0 million, primarily the result of higher contracting services and material sales due to favorable weather conditions in certain regions allowing for an early start to the construction season.

Gross margin: Increase of $1.2 million, largely due to higher revenues, as previously discussed, higher contracting bid margins, and higher realized material prices. Also contributing to the increase were favorable weather conditions, as previously discussed.

Selling, general and administrative expense: Increase of $2.9 million, largely related to higher payroll-related costs.

Other income (expense): Decrease in income of $2.4 million as a result of lower returns on certain of the Company's benefit plan investments.

Interest expense: Comparable to the same period in the prior year.

Income taxes: Comparable to the same period in the prior year.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to the health and safety of its employees, customers and the communities in which it operates. The Company has implemented safety and social distancing measures following the CDC and state guidelines for its employees that are not able to work from home. The Company has experienced some inefficiencies in relation to these measures but, for the most part, has been able to continue business processes with minimal interruptions. The Company also continues to monitor job progress and service work and at this time has not experienced significant delays, cancellations or disruptions due to the pandemic. The Company will continue to monitor the demand for construction materials and contracting services as such services may be reduced by recessionary impacts of the pandemic as the traditional customers for these services reduce capital expenditures. State and federal mandates have been issued in response to the COVID-19 pandemic requiring individuals to stay in place, leading to a reduction in fuel consumption in the United States, which directly reduces fuel tax collections. In addition, states, cities and counties across the country are experiencing low sales tax and other revenues as a result of the COVID-19 pandemic. The reduction in tax collections may impact funds available for public infrastructure projects. Meanwhile, inclusion of a comprehensive infrastructure funding program as part of a future federal stimulus package, if adopted, by the United States Congress could positively impact the segment.

The segment's vertically integrated aggregate-based business model provides the Company with the ability to capture margin throughout the sales delivery process. The aggregate products are sold internally and externally for use in other products such as ready-mixed concrete, asphaltic concrete and public and private construction markets. The contracting services and construction materials are sold primarily to construction contractors in connection with street, highway and other public infrastructure projects, as well as private commercial and residential development projects. The public infrastructure projects have traditionally been more stable markets as public funding is more secure during periods of economic decline. The public projects are, however, dependent on state and federal funding such as appropriations to the Federal Highway Administration. Spending on private development is highly dependent on both local and national economic cycles, providing additional sales during times of strong economic cycles.

During 2020 and 2019, the Company made strategic asset purchases and acquired businesses that support the Company's long-term strategy to expand its market presence. In the first quarter of 2020, the Company acquired the assets of Oldcastle Infrastructure Spokane, a prestressed-concrete business located in Spokane, Washington. The Company continues to evaluate additional acquisition opportunities. For more information on the Company's business combinations, see Note 9.

The construction materials and contracting segment's backlog at March 31, 2020, was $905.1 million, which was comparable to backlog at March 31, 2019, of $943.3 million. The Company expects to complete a significant amount of the backlog at March 31, 2020, during the next 12 months.

During the second quarter of 2019, the governor of Oregon signed House Bill 3427, which creates a Corporate Activity Tax. The tax was enacted in the third quarter of 2019 and was effective for the Company on January 1, 2020. The Company expects the additional taxation will be less than $2.0 million annually at the construction materials and contracting segment, which is dependent on the level of taxable commercial activity in Oregon.

Three of the labor contracts that Knife River was negotiating, as reported in Items 1 and 2 - Business Properties - General in the 2019 Annual Report, have been ratified.

Construction Services

Strategy and challenges The construction services segment provides inside and outside specialty contracting, as discussed in Note 16. The construction services segment focuses on safely executing projects; providing a superior return on investment by building new and strengthening existing customer relationships; ensuring quality service; effectively controlling costs; collecting on receivables; retaining, developing and recruiting talented employees; growing through organic and acquisition opportunities; and focusing efforts on projects that will permit higher margins while properly managing risk. The growth experienced by the segment in recent years is due in part to its ability to support national customers in most of the regions in which they operate.

The construction services segment faces challenges in the highly competitive markets in which it operates. Competitive pricing environments, project delays, changes in management's estimates of variable consideration and the effects from restrictive regulatory requirements have negatively impacted revenues and margins in the past and could affect revenues and margins in the future. Additionally, margins may be negatively impacted on a quarterly basis due to adverse weather conditions, as well as timing of project starts or completions; disruptions to the supply chain due to transportation delays, travel restrictions, raw material cost increases and shortages and closures of businesses or facilities; declines or delays in new projects due to the cyclical nature of the construction industry and other factors. These challenges may also impact the risk of loss on certain projects. Accordingly, operating results in any particular period may not be indicative of the results that can be expected for any other period.

The need to ensure available specialized labor resources for projects also drives strategic relationships with customers and project margins. These trends include an aging workforce and labor availability issues, increasing pressure to reduce costs and improve reliability, and increasing duration and complexity of customer capital programs. Due to these and other factors, the Company believes overall customer and competitor demand for labor resources will continue to increase, possibly surpassing the supply of industry resources.

Earnings overview - The following information summarizes the performance of the construction services segment.

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
Operating revenues	$ 514.7	$ 420.9
Cost of sales:		
Operation and maintenance	436.2	351.6
Depreciation, depletion and amortization	3.9	3.7
Taxes, other than income	23.4	15.9
Total cost of sales	463.5	371.2
Gross margin	51.2	49.7
Selling, general and administrative expense:		
Operation and maintenance	23.9	20.3
Depreciation, depletion and amortization	1.9	.3
Taxes, other than income	1.6	1.6
Total selling, general and administrative expense	27.4	22.2
Operating income	23.8	27.5
Other income	.1	.6
Interest expense	1.2	1.2
Income before income taxes	22.7	26.9
Income taxes	5.9	6.9
Net income	$ 16.8	$ 20.0

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 Construction services earnings decreased $3.2 million (16 percent) as a result of:

Revenues: Increase of $93.8 million, largely the result of higher inside specialty contracting workloads from greater customer demand for hospitality and high-tech projects. Also contributing to the increase was higher outside specialty contracting workloads, primarily the result of increased demand for utility projects, partially offset by a decrease in equipment sales and rentals.

Gross margin: Increase of $1.5 million, primarily due to the higher volume of work resulting in an increase in revenues, as previously discussed, partially offset by an increase in operation and maintenance expense as a direct result of the expenses related to the increased workloads. Also negatively impacting gross margin was an out-of-period adjustment to correct an overstatement of operating revenue of $7.7 million and an understatement of operation and maintenance expense of $1.2 million previously recognized on a construction contract, as discussed in Note 1.

Selling, general and administrative expense: Increase of $5.2 million due in part to higher office expenses, bad debt expense, payroll-related costs and depreciation expense.

Other income: Decrease of $500,000 as a result of lower returns on certain of the Company's benefit plan investments.

Interest expense: Comparable to the same period in the prior year.

Income taxes: Decrease of $1.0 million, largely due to a decrease in income before income taxes.

Outlook The Company continues to assess the impacts of the COVID-19 pandemic on its operations and is committed to the health and safety of its employees, customers and the communities in which it operates. The Company has implemented safety and social distancing measures following the CDC and state guidelines for its employees that are not able to work from home. The Company has experienced some inefficiencies in relation to these measures but, for the most part, has been able to continue business processes with minimal interruptions. The Company continues to bid and be awarded work despite the challenging environment, as evidenced by the strong backlog for the segment, as further discussed below. The Company also continues to monitor job progress and service work and has experienced some delays, cancellations and disruptions due to the pandemic. The Company will continue to monitor the demand for construction services as such services may be reduced by recessionary impacts of the pandemic as the traditional customers for these services reduce capital expenditures. In addition, the Company has been reviewing contracts for rights and obligations to protect its margins.

The Company continues to have bidding opportunities for both inside and outside specialty construction companies in 2020. Although bidding remains highly competitive in all areas, the Company expects the segment's skilled workforce, quality of service and effective cost management will continue to provide a benefit in securing and executing profitable projects.

The construction services segment had backlog at March 31, 2020, of $1.3 billion, up from $1.0 billion at March 31, 2019. The increase in backlog was largely attributable to the new project opportunities that the Company continues to be awarded across its diverse operations, particularly inside specialty electrical and mechanical contracting in the hospitality, high-tech, mission critical and public industries. The Company's outside power, communications and natural gas specialty contracting also have a high volume of available work. The Company expects to complete a significant amount of the backlog at March 31, 2020, during the next 12 months. Additionally, the Company continues to further evaluate potential acquisition opportunities that would be accretive to the Company and continue to grow the Company's backlog.

In support of the Company's strategic plan to grow through acquisitions, the Company acquired PerLectric, Inc., an electrical construction company in Fairfax, Virginia, in the first quarter of 2020. For more information on the Company's business combinations, see Note 9.

During the second quarter of 2019, the governor of Oregon signed House Bill 3427, which creates a Corporate Activity Tax. The tax was enacted in the third quarter of 2019 and was effective for the Company on January 1, 2020. The Company expects the additional taxation will be less than $2.0 million annually at the construction services segment, which is dependent on the level of taxable commercial activity in Oregon.

Three of the labor contracts that the construction services segment was negotiating, as reported in Items 1 and 2 - Business Properties - General in the 2019 Annual Report, have been ratified.

Other

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
Operating revenues	$ 3.0	$ 7.8
Operating expenses:		
Operation and maintenance	2.0	7.2
Depreciation, depletion and amortization	.7	.4
Taxes, other than income	—	.1
Total operating expenses	2.7	7.7
Operating income	.3	.1
Other income	.1	.2
Interest expense	.3	.4
Income (loss) before income taxes	.1	(.1)
Income taxes	4.3	3.2
Net loss	$ (4.2)	$ (3.3)

Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019 In the first quarter of 2020, the Company recorded higher income tax adjustments related to the consolidated company's annualized estimated tax rate compared to the first quarter of 2019. Also, in the first quarter of 2020, insurance activity at the Company's captive insurer decreased, which impacted both operating revenues and operation and maintenance expense. General and administrative costs and interest expense previously allocated to the exploration and production and refining businesses that do not meet the criteria for income (loss) from discontinued operations are also included in Other.

Intersegment Transactions

Amounts presented in the preceding tables will not agree with the Consolidated Statements of Income due to the Company's elimination of intersegment transactions. The amounts related to these items were as follows:

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
Intersegment transactions:		
Operating revenues	$ 31.0	$ 32.0
Operation and maintenance	5.9	8.1
Purchased natural gas sold	25.1	23.9

For more information on intersegment eliminations, see Note 16.

Liquidity and Capital Commitments

At March 31, 2020, the Company had cash and cash equivalents of $116.5 million and available borrowing capacity of $431.8 million under the revolving credit facilities of the Company's subsidiaries. During the first quarter of 2020, short-term capital markets were disrupted as a result of the COVID-19 pandemic. Consequently, the Company borrowed under its revolving credit agreements in addition to accessing the commercial paper markets and maintained higher than normal cash balances to ensure liquidity during this volatile period. In April 2020, Montana-Dakota entered into a $75.0 million term loan, which was used to repay all outstanding revolving credit agreement borrowings and a portion of the outstanding commercial paper borrowings of Montana-Dakota. The Company expects to meet its obligations for debt maturing within one year and its other operating and capital requirements from various sources, including internally generated funds; credit facilities and commercial paper of the Company's subsidiaries, as described in Capital resources; and issuance of debt and equity securities if necessary.

Cash flows

Operating activities The changes in cash flows from operating activities generally follow the results of operations as discussed in Business Segment Financial and Operating Data and also are affected by changes in working capital. Cash flows provided by operating activities in the first three months of 2020 was $79.3 million compared to $1.6 million in the first three months of 2019. The increase in cash flows provided by operating activities was largely driven by the decrease in natural gas purchases in 2020 as a result of milder temperatures and recovery of purchased gas cost adjustment balances at the natural gas distribution business. Also contributing to the increase of cash flows provided by operating activities was the continued increase in workloads at the construction services business. Partially offsetting these increases was a decrease in deferred income taxes as a result of the purchased gas cost adjustment, as previously discussed, that was recorded in the first three months of 2019 at the natural gas distribution business.

Investing activities Cash flows used in investing activities in the first three months of 2020 was $202.5 million compared to $160.1 million in the first three months of 2019. The increase in cash used in investing activities was primarily related to higher cash used in acquisition activity in 2020 compared to 2019 at the construction services business.

Financing activities Cash flows provided by financing activities in the first three months of 2020 was $173.2 million compared to $154.3 million in the first three months of 2019. The change was largely the result of higher long-term debt issuance offset in part by the decrease in short-term borrowings in 2020 as compared to 2019. The Company increased long-term debt borrowings at the construction businesses for financing of acquisitions and working capital needs. The Company also increased borrowings of commercial paper and borrowed under the revolving credit agreements at Montana-Dakota and Centennial in response to the impacts of the COVID-19 pandemic on the short-term capital markets. During the first three months of 2020, the Company had decreased net proceeds of $35.2 million for the issuance of common stock under its "at-the-market" offering and 401(k) plan.

Defined benefit pension plans

There were no material changes to the Company's qualified noncontributory defined benefit pension plans from those reported in the 2019 Annual Report. For more information, see Note 17 and Part II, Item 7 in the 2019 Annual Report.

Capital expenditures

Capital expenditures for the first three months of 2020 were $188.9 million, which includes the completed business combinations at the construction materials and contracting and construction services businesses. Capital expenditures in the first three months of 2019 were $150.4 million, which includes the completed aggregate deposit purchase and business combination at the construction material and contracting business. Capital expenditures allocated to the Company's business segments are estimated to be approximately $599 million for 2020. Capital expenditures have been updated from what was previously reported in the 2019 Annual Report to accommodate project timeline and scope changes made throughout the first quarter of 2020. The Company will continue to monitor capital expenditures for project delays and changes in costs related to COVID-19. The Company has included in the estimated capital expenditures for 2020 the completed business combinations of an electrical construction company and a prestressed-concrete business, as well as the North Bakken Expansion project, as previously discussed in Business Segment Financial and Operating Data.

Estimated capital expenditures for 2020 also include system upgrades; service extensions; routine equipment maintenance and replacements; buildings, land and building improvements; pipeline and natural gas storage projects; power generation and transmission opportunities, including certain costs for additional electric generating capacity; environmental upgrades; and other growth opportunities.

The Company continues to evaluate potential future acquisitions and other growth opportunities that would be incremental to the outlined capital program; however, such growth is dependent upon the availability of economic opportunities and, as a result, capital expenditures may vary significantly from the estimate previously discussed. It is anticipated that all of the funds required for capital expenditures for 2020 will be met from various sources, including internally generated funds; credit facilities and commercial paper of the Company's subsidiaries, as described later; and issuance of debt and equity securities if necessary.

Capital resources

Certain debt instruments of the Company's subsidiaries contain restrictive and financial covenants and cross-default provisions. In order to borrow under the respective debt instruments, the subsidiary companies must be in compliance with the applicable covenants and certain other conditions, all of which the subsidiaries, as applicable, were in compliance with at March 31, 2020. In the event the subsidiaries do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued. For more information on the covenants, certain other conditions and cross-default provisions, see Part II, Item 8 in the 2019 Annual Report.

The following table summarizes the outstanding revolving credit facilities of the Company's subsidiaries at March 31, 2020:

Company	Facility		Facility Limit	Amount Outstanding	Letters of Credit	Expiration Date
			(In millions)			
Montana-Dakota Utilities Co.	Commercial paper/Revolving credit agreement	(a)	$ 175.0	$ 135.0	$ —	12/19/24
Cascade Natural Gas Corporation	Revolving credit agreement		$ 100.0 (b)	$ 53.6	$ 2.2 (c)	6/7/24
Intermountain Gas Company	Revolving credit agreement		$ 85.0 (d)	$ —	$ 1.4 (c)	6/7/24
Centennial Energy Holdings, Inc.	Commercial paper/Revolving credit agreement	(e)	$ 600.0	$ 336.0	$ —	12/19/24

(a) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Montana-Dakota on stated conditions, up to a maximum of $225.0 million). At March 31, 2020, Montana-Dakota had $80.0 million outstanding under the commercial paper program and $55.0 million outstanding under the revolving credit agreement.
(b) Certain provisions allow for increased borrowings, up to a maximum of $125.0 million.
(c) Outstanding letter(s) of credit reduce the amount available under the credit agreement.
(d) Certain provisions allow for increased borrowings, up to a maximum of $110.0 million.
(e) The commercial paper program is supported by a revolving credit agreement with various banks (provisions allow for increased borrowings, at the option of Centennial on stated conditions, up to a maximum of $700.0 million). At March 31, 2020, Centennial had $185.0 million outstanding under the commercial paper program and $151.0 million outstanding under the revolving credit agreement.

The respective commercial paper programs are supported by revolving credit agreements. While the amount of commercial paper outstanding does not reduce available capacity under the respective revolving credit agreements, Montana-Dakota and Centennial do not issue commercial paper in an aggregate amount exceeding the available capacity under their credit agreements. The commercial paper borrowings may vary during the period, largely the result of fluctuations in working capital requirements due to the seasonality of certain operations of the Company's subsidiaries. Due to the impacts of the COVID-19 pandemic on the short-term capital markets, the Company borrowed under its revolving credit agreements in addition to accessing the commercial paper markets.

Total equity as a percent of total capitalization was 54 percent, 53 percent and 56 percent at March 31, 2020 and 2019, and December 31, 2019, respectively. This ratio is calculated as the Company's total equity, divided by the Company's total capital.

Total capital is the Company's total debt, including short-term borrowings and long-term debt due within one year, plus total equity. This ratio is an indicator of how a company is financing its operations, as well as its financial strength.

The Company currently has a shelf registration statement on file with the SEC, under which the Company may issue and sell any combination of common stock and debt securities. The Company may sell such securities if warranted by market conditions and the Company's capital requirements. Any public offer and sale of such securities will be made only by means of a prospectus meeting the requirements of the Securities Act and the rules and regulations thereunder. The Company's board of directors currently has authorized the issuance and sale of up to an aggregate of $1.0 billion worth of such securities. The Company's board of directors reviews this authorization on a periodic basis and the aggregate amount of securities authorized may be increased in the future.

The Company has a Distribution Agreement with J.P. Morgan Securities LLC and MUFG Securities Americas Inc., as sales agents, with respect to the issuance and sale of up to 10.0 million shares of the Company's common stock in connection with an “at-the-market” offering. The common stock may be offered for sale, from time to time, in accordance with the terms and conditions of the agreement. Proceeds from the sale of shares of common stock under the agreement have been and are expected to be used for general corporate purposes, which may include, among other things, working capital, capital expenditures, debt repayment and the financing of acquisitions.

The Company did not issue shares of common stock for the three months ended March 31, 2020, under its "at-the-market" offering. The Company issued 1.4 million shares of common stock for the three months ended March 31, 2019, pursuant to the “at-the-market” offering. The Company received $35.9 million of net proceeds and paid commissions to the sales agents of approximately $363,000, for the three months ended March 31, 2019, in connection with the sales of common stock under the "at-the-market" offering. As of March 31, 2020, the Company had remaining capacity to issue up to 6.4 million additional shares of common stock under the "at-the-market" offering program.

Certain of the Company's debt instruments use LIBOR as a benchmark for establishing the applicable interest rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The Company has been proactive to anticipate the reform of LIBOR by replacing it with the SOFR, or equivalent rate agreed upon by the lenders, in certain of its new debt instruments, as well as those that are being renewed. The Company continues to evaluate the impact the reform will have on its debt instruments and, at this time, does not anticipate a significant impact.

Montana-Dakota On April 8, 2020, Montana-Dakota entered into a $75.0 million term loan agreement with a variable interest rate and a maturity date of April 7, 2021. The proceeds were used to repay all outstanding revolving credit agreement borrowings and a portion of the outstanding commercial paper borrowings of Montana-Dakota. The agreement contains customary covenants and provisions, including a covenant of Montana-Dakota not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. The covenants also include certain restrictions on the sale of certain assets, loans and investments.

Off balance sheet arrangements
As of March 31, 2020, the Company had no material off balance sheet arrangements as defined by the rules of the SEC.

Contractual obligations and commercial commitments
There were no material changes in the Company's contractual obligations from continuing operations relating to estimated interest payments, purchase commitments, asset retirement obligations, uncertain tax positions and minimum funding requirements for its defined benefit plans for 2020 from those reported in the 2019 Annual Report.

For more information on contractual obligations and commercial commitments, see Part II, Item 7 in the 2019 Annual Report.

New Accounting Standards
For information regarding new accounting standards, see Note 2, which is incorporated by reference.

Critical Accounting Policies Involving Significant Estimates
The Company's critical accounting policies involving significant estimates include impairment testing of long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; regulatory assets expected to be recovered in rates charged to customers; revenue recognized using the cost-to-cost measure of progress for contracts; actuarially determined benefit costs; and tax provisions. There were no material changes in the Company's critical accounting policies involving significant estimates from those reported in the 2019 Annual Report. For more information on critical accounting policies involving significant estimates, see Part II, Item 7 in the 2019 Annual Report.

Non-GAAP Financial Measures
The Business Segment Financial and Operating Data includes financial information prepared in accordance with GAAP, as well as another financial measure, adjusted gross margin, that is considered a non-GAAP financial measure as it relates to the Company's electric and natural gas distribution segments. The presentation of adjusted gross margin is intended to be a useful supplemental

financial measure for investors' understanding of the segments' operating performance. This non-GAAP financial measure should not be considered as an alternative to, or more meaningful than, GAAP financial measures such as operating income (loss) or net income (loss). The Company's non-GAAP financial measure, adjusted gross margin, is not standardized; therefore, it may not be possible to compare this financial measure with other companies' gross margin measures having the same or similar names.

In addition to operating revenues and operating expenses, management also uses the non-GAAP financial measure of adjusted gross margin when evaluating the results of operations for the electric and natural gas distribution segments. Adjusted gross margin for the electric and natural gas distribution segments is calculated by adding back adjustments to operating income (loss). These add-back adjustments include: operation and maintenance expense; depreciation, depletion and amortization expense; and certain taxes, other than income.

Adjusted gross margin includes operating revenues less the cost of electric fuel and purchased power, purchased natural gas sold and certain taxes, other than income. These taxes, other than income, included as a reduction to adjusted gross margin relate to revenue taxes. These segments pass on to their customers the increases and decreases in the wholesale cost of power purchases, natural gas and other fuel supply costs in accordance with regulatory requirements. As such, the segments' revenues are directly impacted by the fluctuations in such commodities. Revenue taxes, which are passed back to customers, fluctuate with revenues as they are calculated as a percentage of revenues. For these reasons, period over period, the segments' operating income (loss) is generally not impacted. The Company's management believes the adjusted gross margin is a useful supplemental financial measure as these items are included in both operating revenues and operating expenses. The Company's management also believes that adjusted gross margin and the remaining operating expenses that calculate operating income (loss) are useful in assessing the Company's utility performance as management has the ability to influence control over the remaining operating expenses.

The following information reconciles operating income to adjusted gross margin for the electric segment.

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
Operating income	$ 14.9	$ 18.0
Adjustments:		
Operating expenses:		
Operation and maintenance	30.7	30.2
Depreciation, depletion and amortization	15.5	13.7
Taxes, other than income	4.3	4.2
Total adjustments	50.5	48.1
Adjusted gross margin	$ 65.4	$ 66.1

The following information reconciles operating income to adjusted gross margin for the natural gas distribution segment.

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
Operating income	$ 50.0	$ 50.3
Adjustments:		
Operating expenses:		
Operation and maintenance	46.0	46.3
Depreciation, depletion and amortization	20.8	19.4
Taxes, other than income	6.1	6.2
Total adjustments	72.9	71.9
Adjusted gross margin	$ 122.9	$ 122.2

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to the impact of market fluctuations associated with interest rates. The Company has policies and procedures to assist in controlling these market risks and from time to time has utilized derivatives to manage a portion of its risk.

Interest rate risk

There were no material changes to interest rate risk faced by the Company from those reported in the 2019 Annual Report.

At March 31, 2020, the Company had no outstanding interest rate hedges.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective at a reasonable assurance level.

Changes in internal controls

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2020, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II -- Other Information

Item 1. Legal Proceedings

There were no material changes to the Company's legal proceedings in Part 1, Item 3 - Legal Proceedings in the 2019 Annual Report.

Item 1A. Risk Factors

Please refer to the Company's risk factors that are disclosed in Part I, Item 1A - Risk Factors in the 2019 Annual Report that could be materially harmful to the Company's business, prospects, financial condition or financial results if they occur. There were no material changes to the Company's risk factors provided in Part I, Item 1A - Risk Factors in the 2019 Annual Report other than as set forth below.

COVID-19 may have a negative impact on the Company's business operations, revenues, results of operations, liquidity and cash flows. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. The COVID-19 pandemic has negatively impacted the global economy, lowered equity market valuations, decreased liquidity in fixed income markets, created significant volatility and disruption in the financial markets, decreased oil and natural gas prices, increased unemployment levels and disrupted certain global supply chains and may continue to negatively impact the economy and the financial markets. To the extent the COVID-19 pandemic adversely affects the Company's business, operations, revenues, liquidity or cash flows, it may also have the effect of heightening many of the other risks described in Part I, Item IA - Risk Factors in the 2019 Annual Report. The degree to which COVID-19 will impact the Company will depend on future developments, including severity and duration of the outbreak, actions taken by governmental authorities, and timing of when relatively normal economic and operating conditions resume.

The regulated businesses have been deemed essential service providers and have seen some impacts on its businesses; however, the Company could be materially affected if its businesses were no longer deemed critical. Future actions of its regulatory commissions on accounting for COVID-19 pandemic impacts may also affect the Company's future operating results and cash flows. To date, the electric and natural gas businesses have not seen a material impact on demand for commercial, industrial and residential electric and natural gas service loads. However, these businesses may be further impacted in the future depending on how long the COVID-19 pandemic continues. Other factors that could have an impact on the Company's regulated businesses and future operating results, revenues and liquidity include impacts related to the health, safety, and availability of its employees and contractors; continued suspended shut-offs of natural gas and electric services for nonpayment; continued flexible payment plans for utility customers; counterparty credit; costs and availability of supplies; capital construction and infrastructure operations and maintenance programs; financing plans; pension valuations; company-imposed travel restrictions; and legal and regulatory matters, including the potential for delayed regulatory filings and recovery of invested capital.

The construction businesses have generally been deemed essential service providers and have seen minimal inefficiencies and interruptions on its businesses; however, the Company could be materially impacted if its businesses were no longer deemed critical and may be further impacted in the future by site closures, government shut-down measures, additional inefficiencies due to compliance with safety and social distancing measures, public and private sector budget changes and constraints, and the impact of overall macro and local economic conditions on future construction projects. Other factors that could have an impact on the Company's construction businesses and future operating results, revenues and liquidity include impacts related to the health, safety, and availability of its employees and contractors; counterparty credit; costs and availability of supplies; financing plans; pension valuations; and company-imposed travel restrictions.

While self-quarantine or actual viral health issues have not yet had a material impact on the Company, these issues may have a negative impact on the Company's employees and the ability to continue its work activities under a normal course of business. Mandated healthcare protocols could lead to a shortage of employees or altered operations. Moreover, the Company's operations could be disrupted by its employees or third-party employees being diagnosed with COVID-19 or other illnesses since this could require the Company or its business partners to suspend projects, quarantine employees, or institute more aggressive preventive measures including closure of job sites to disinfect. If a significant percentage of the Company's workforce are unable to work, including because of illness or government restrictions in connection with the COVID-19 pandemic, the Company's operations may be negatively impacted, potentially materially adversely affecting its business, operations, revenues, liquidity and cash flows.

To date, a portion of the Company's workforce is working remotely and has not experienced any significant delays or information technology disruptions. However, the shifting of a portion of the Company's workforce from an on-premise model to a remote model, along with the increased amount of social engineering and attacks by bad actors taking advantage of the virus, could affect the Company's ability to maintain secure operations, communications and productivity in the future. If the Company's information technology infrastructure is not able to handle the increased traffic load due to remote work, it could create a major disruption to the Company operations.

Orders, directives and legislative action by local, state and federal governments in response to the spread of COVID-19, which includes regional quarantines or shutdowns, may limit business opportunities with certain customers, which may result in reduced revenue. It may also impact existing business plans, which could lead to project delays and contract or project cancellations, which could in turn lead to decreased or delayed revenue and profitability. The spread of COVID-19 has also disrupted supply chains globally. If materials cannot be obtained in a timely manner, jobs may become delayed or canceled, or supply costs increased, which could have a material adverse effect on the Company's business operations, revenues, results of operations, liquidity and cash flows.

Significant changes in energy prices could negatively affect the Company's businesses.
Fluctuations in oil, NGL and natural gas production and prices; fluctuations in commodity price basis differentials; supplies of domestic and foreign oil, NGL and natural gas; political and economic conditions in oil-producing countries; actions of the Organization of Petroleum Exporting Countries; demand for oil due to economic slowdowns associated with the COVID-19 pandemic; and other external factors impact the development of oil and natural gas supplies and the expansion and operation of natural gas pipeline systems. Recently depressed oil and natural gas prices has had minimal impact to date; however, continued depressed oil and natural gas prices could impact demand from certain industrial customers of the electric business. Additionally, these impacts could extend to commercial and residential customers of the electric and natural gas distribution businesses located in service areas impacted by decreased oil and natural gas exploration and production activity. Prolonged depressed prices for oil, NGL and natural gas could negatively affect the growth, results of operations, cash flows and asset values of the Company's electric, natural gas distribution and pipeline businesses.

If oil and natural gas prices increase significantly, customer demand for utility, pipeline and construction materials could decline, which could have a material impact on the Company's results of operations and cash flows. While the Company has fuel clause recovery mechanisms for its utility operations in all of the states in which it operates, higher utility fuel costs could significantly impact results of operations if such costs are not recovered. Delays in the collection of utility fuel cost recoveries, as compared to expenditures for fuel purchases, could have a negative impact on the Company's cash flows. High oil prices also affect the cost and demand for asphalt products and related contracting services. Low commodity prices could have a positive impact on sales but could negatively impact oil and natural gas production activities and subsequently the Company's pipeline and construction revenues in energy producing states in which the Company operates.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table includes information with respect to the Company's purchase of equity securities:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
January 1 through January 31, 2020	—	—	—	—
February 1 through February 29, 2020	11,430	$31.63	—	—
March 1 through March 31, 2020	—	—	—	—
Total	11,430		—	—

(1) Represents shares of common stock withheld by the Company to pay taxes in connection with the vesting of shares granted pursuant to the Long-Term Performance-Based Incentive Plan.
(2) Not applicable. The Company does not currently have in place any publicly announced plans or programs to purchase equity securities.

Item 4. Mine Safety Disclosures

For information regarding mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, see Exhibit 95 to this Form 10-Q, which is incorporated herein by reference.

Item 5. Other Information

None.

Item 6. Exhibits

See the index to exhibits immediately preceding the signature page to this report.

Exhibits Index

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference				
			Form	Period Ended	Exhibit	Filing Date	File Number
3(a)	Amended and Restated Certificate of Incorporation of MDU Resources Group, Inc.		8-K		3.2	5/8/19	1-03480
3(b)	Amended and Restated Bylaws of MDU Resources Group, Inc.		8-K		3.1	2/15/19	1-03480
+10(a)	MDU Resources Group, Inc. 401(k) Retirement Plan, as restated April 1, 2020	X					
31(a)	Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X					
31(b)	Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X					
32	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X					
95	Mine Safety Disclosures	X					
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document						
101.SCH	XBRL Taxonomy Extension Schema Document						
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document						
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document						
101.LAB	XBRL Taxonomy Extension Label Linkbase Document						
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document						

+ Management contract, compensatory plan or arrangement.

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Signatures

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MDU RESOURCES GROUP, INC.

DATE: May 8, 2020

BY: /s/ Jason L. Vollmer
Jason L. Vollmer
Vice President, Chief Financial Officer
and Treasurer

BY: /s/ Stephanie A. Barth
Stephanie A. Barth
Vice President, Chief Accounting Officer
and Controller

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Section 2: EX-10.A (MDU RESOURCES 401 K RETIREMENT PLAN RESTATED 4-1-2020)

MDU RESOURCES GROUP, INC.
401(K) RETIREMENT PLAN

Restated effective April 1, 2020

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INTRODUCTION

The MDU Resources Group, Inc. 401(k) Retirement Plan (formerly the Tax Deferred Compensation Savings Plan) (the "Plan") was originally established effective January 1, 1984, by the board of directors of MDU Resources Group, Inc. (formerly Montana-Dakota Utilities Co.) (the "Company"). The Plan is intended to provide a means for deferred savings and investment by Eligible Employees and to afford security for their retirement. The Plan is intended to comply with the requirements of ERISA and Sections 401(a) and 401(k) of the Code.

The Plan is amended and restated as set forth herein generally effective April 1, 2020 (or such earlier or later effective date as provided herein) in connection with a change in the Plan's recordkeeper and to incorporate all prior amendments, to reflect the Internal Revenue Service's final regulations on hardship distributions, to make certain Plan-design changes (including the addition of Roth contributions, in-Plan Roth conversions and flexible installment distributions, and certain Plan loan changes), and to make certain other changes. The rights and benefits of a Participant who severed from employment with all Affiliates prior to the effective date of this amendment and restatement shall be determined under the Plan as in effect at the time of such severance from employment, except as otherwise provided herein, as required by applicable law, or in accordance with uniform procedures adopted by the Committee.

Plan provisions relating to certain Employer contributions, merged plans, and other provisions specific to certain Participating Affiliates and Participants are set forth in the schedules herein.

ARTICLE I

DEFINITIONS

The following terms, when used herein, shall have the meanings stated below unless a different meaning is otherwise indicated or required by the context.

Account – The Pretax Deferral Account, Roth Deferral Account, In-Plan Roth Conversion Account, Matching Contribution Account, ESOP Account, Rollover Account, Profit Sharing Account, and Retirement Contribution Account, respectively, maintained for a Participant (or an Eligible Employee), as applicable. In addition, the Committee may establish additional accounts and subaccounts as it may deem necessary for the proper administration of the Plan, and “Account” may also refer to any or all such additional accounts and subaccounts.

Affiliate –The Company and any other corporation, trade or business that, together with the Company, is treated as a single employer with the Company pursuant to Code Section 414(b), (c), (m), or (o), except that with respect to Section 3.8, “pursuant to Code Section 414(b), (c), (m), or (o), as modified by Code Section 415(h)” shall be substituted for the preceding reference to “pursuant to Code Section 414(b), (c), (m), or (o).

Code – The Internal Revenue Code of 1986, as amended. Reference to any specific Code section shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing, or superseding such section.

Committee – The MDU Resources Group, Inc. Employee Benefits Committee appointed to administer the Plan pursuant to Article VI or its delegate, as applicable.

Common Stock – Common stock of the Company.

Company – MDU Resources Group, Inc., or any successor thereto.

Compensation – The total compensation paid to an Eligible Employee by the Employer (not in excess of $285,000 for the 2020 Plan Year, as adjusted by the Secretary of the Treasury to reflect increases in the cost of living), unreduced by any deferral contributions of the Eligible Employee to the Plan, and any amount that is contributed by the Employer pursuant to a salary reduction agreement and that is not includible in the gross income of an Employee under Code Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b), including any differential wage payment (as defined in Code Section

3401(h)(2)), but excluding other contributions to the Plan, contributions to other employee benefit plans, relocation allowances, club membership reimbursements, the cost of group life insurance that is added to taxable income of the Eligible Employee, and any other extra or additional compensation from the Employer that does not constitute base compensation, such as bonuses and other incentive compensation.

Disability – A physical or mental condition of an Eligible Employee that results in permanent and total disability as defined by the Social Security Administration.

Distributee – Distributee means an Employee or former Employee. In addition, the Employee's (or former Employee's) surviving Spouse and the Employee's (or former Employee's) Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the Spouse or former Spouse. A Distributee also means the Employee's (or former Employee's) non-Spouse designated beneficiary, in which case, the distribution can only be transferred to a traditional IRA or Roth IRA established on behalf of the non-Spouse designated beneficiary for the purpose of receiving the distribution.

Effective Date – The Effective Date of the amendment and restatement of the Plan is April 1, 2020. The Plan was originally established effective January 1, 1984.

Eligible Employee – Eligible Employee means each regular full-time Employee or part time Employee scheduled to work at least 1,000 Hours of Service a year who is at least 18 years of age and who is actively employed by the Employer; provided, however, that a part-time Employee scheduled to work less than 1,000 Hours of Service a year who completes at least 1,000 Hours of Service within a 12-month period beginning on the Employee's employment date or in any subsequent Plan Year shall be an Eligible Employee.

Notwithstanding the foregoing, unless specifically approved as an Eligible Employee by the Committee, an Employee of an Employer shall not be an Eligible Employee during any time when such Employee is (1) eligible to participate in a multiemployer plan as defined in ERISA Section 3(37) to which the Employer contributes, (2) covered by a collectively bargained unit that has not bargained for the Plan for such Employee, (3) classified as a student or intern as defined by the payroll practices of the Employer, or (4) classified as a Temporary Employee, except that a Davis-Bacon Employee described in Section D-1

who is a Temporary Employees will become an Eligible Employees upon the completion of one Hour of Service.

A student, intern, or Temporary Employee who completed at least 1,000 Hours of Service within a 12-month period ending on or before December 31, 2010 shall be an Eligible Employee.

A Leased Employee shall not be an Eligible Employee.

Eligible Retirement Plan – Eligible Retirement Plan means (1) an individual retirement account described in Code Section 408 (a) or 408A, (2) an individual retirement annuity described in Code Section 408(b), (3) an annuity plan described in Code Section 403(a), (4) an annuity contract described in Code Section 403(b), (5) an eligible plan under Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that agrees to separately account for amounts transferred into such plan from this Plan, or (6) a qualified plan described in Code Section 401(a) that accepts the Distributee's Eligible Rollover Distribution. This definition shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414 (p). If any portion of an Eligible Rollover Distribution is attributable to payments or distributions from a Roth Deferral Account, an Eligible Retirement Plan with respect to such portion shall include only another designated Roth account of the individual from whose Account the payments or distributions were made or a Roth IRA of such individual.

Eligible Rollover Distribution – Eligible Rollover Distribution means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include (1) any distribution that is one of a series of substantially equal periodic payments made (not less frequently than annually) for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more, (2) any distribution to the extent such distribution is required under Code Section 401(a)(9), (3) any hardship distribution described in Code Section 401(k)(2)(B)(i)(iv), (4) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities), or (5) a distribution excluded from the definition of an "Eligible Rollover Distribution" under applicable Treasury rulings or regulations.

A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Code Section 408(a) or 408(b), a Roth IRA described in Code Section 408A, a qualified retirement plan (either a defined contribution plan or a defined benefit plan) described in Code Section 401(a) or 403(a), or an annuity contract described in Code Section 403(b) that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution that is includible in gross income and the portion of such distribution that is not so includible.

Employee – An individual shall be an Employee of or be employed by the Employer for any Plan Year only if such individual is treated by the Employer for such Plan Year as its employee for purposes of employment taxes and wage withholding for federal income taxes, regardless of any subsequent reclassification by the Employer, any governmental agency, or court.

Employer – The Company and the Participating Affiliates.

ERISA – The Employee Retirement Income Security Act of 1974, as amended. Reference to any specific ERISA section shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing, or superseding such section.

ESOP – The portion of the Plan that is designed to invest primarily in Common Stock and is intended to satisfy the requirements of a non-leveraged employee stock ownership plan set forth in Code Sections 401(a), 409, and 4975(e)(7). The ESOP consists of all amounts credited to Participants' Accounts that are invested in Common Stock from time to time, including, without limitation, amounts held under this Plan as a result of the merger of the MDU Resources Group, Inc. Employee Stock Ownership Plan into the Plan as of January 1, 1988.

ESOP Account – The separate Account or Accounts maintained for a Participant to which is credited the Participant's interest in the ESOP from time to time.

Highly Compensated Employee or HCE – Includes highly compensated active Employees and highly compensated former Employees. "Highly compensated active Employee" means any Employee who (1) was a 5% owner (as defined in Code Section 416(i)(l)) of the Employer at any time during the current or the preceding year, or (2) for the preceding year had compensation from the Employer in excess of

$80,000 (as adjusted by the Secretary of the Treasury pursuant to Code Section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996).

A former Employee shall be treated as a Highly Compensated Employee if (A) such Employee was a Highly Compensated Employee when he or she separated from service, or (B) such Employee was a Highly Compensated Employee at any time after attaining age 55.

The determination of who is a Highly Compensated Employee will be made in accordance with Code Section 414(q).

For purposes of this definition, the term "compensation" means Section 415 compensation (as defined in Section 3.8).

Hour of Service – Any hour for which an Employee is directly or indirectly paid or entitled to payment by an Employer (1) for the performance of duties, or (2) on account of a period of time during which no duties are performed due to paid vacation, paid holidays, paid illness or incapacity, paid jury duty, or other authorized paid leaves of absence, or (3) for which back pay irrespective of mitigation of damages is either awarded or agreed to by an Employer. The number of Hours of Service, and the period to which such hours shall be credited, will be determined in accordance with Department of Labor Regulations Section 2530.200b-2.

In-Plan Roth Conversion Account – An Account created to hold amounts under the Plan that a Participant, spousal alternate payee, or spousal beneficiary elects to convert to the In-Plan Roth Conversion Account in accordance with Section 3.3. The Committee may establish subaccounts based on the source of the in-Plan Roth conversion.

Investment Funds – Each of the investment funds designated by the Committee in which a Participant's Accounts may be invested, in accordance with Section 5.2.

Leased Employee – An individual, not otherwise an Employee, who, pursuant to an agreement between an Affiliate and a leasing organization, has performed, on a substantially full-time basis, for a period of at least 12 months, services under the primary direction or control of the Affiliate unless (1) the individual is covered by a money purchase pension plan maintained by the leasing organization and meeting the requirements of Code Section 414(n)(5)(B), and (2) Leased Employees do not constitute more

than 20% of the nonhighly compensated workforce of all Affiliates (within the meaning of Code Section 414(n)(5)(C)(ii)).

Matching Contribution Account – The separate Account to which Employer matching contributions under Section 3.4 are credited.

Normal Retirement Age – The date a Participant attains age 60.

Participant – An Eligible Employee who participates in the Plan pursuant to Article II.

Participating Affiliate – An Affiliate to which the Committee has extended the Plan and which adopts the Plan by its board of directors or other governing body.

Plan – The MDU Resources Group, Inc. 401(k) Retirement Plan as set forth herein and as amended from time to time.

Plan Year – The calendar year.

Pretax Deferral Account – The separate Account to which pretax deferral contributions under Section 3.1 are credited.

Profit Sharing Account – A separate account to which profit sharing contributions under Section 3.5(a) are credited.

Retirement Contribution Account – A separate account to which retirement contributions under Section 3.5(b) are credited.

Rollover Account – The separate Account maintained for an Eligible Employee to hold amounts contributed pursuant to Section 3.9.

Roth Deferral Account – The separate Account to which Roth deferral contributions under Section 3.1 are credited.

Section 16 Officer – An officer as described in Section 16 of the Securities Exchange Act of 1934 and the rules thereunder.

Spouse – The person to whom an individual is married for purposes of federal income taxes.

Temporary Employee – An Employee classified as a temporary Employee by an Employer and assigned employment status code 5 in the Knife River Corporation payroll system, employment status code 7 in the Montana-Dakota Utilities Co. or WBI Energy, Inc. payroll system, employment status code N in the MDU Construction Services Group, Inc. payroll system, or any successor or equivalent payroll system code.

Trust Agreement – The Trust Agreement between the Company and the Trustee pursuant to which the Trust Fund is maintained, as such agreement may be amended from time to time. The Trust Agreement constitutes a part of the Plan and its terms are incorporated herein by reference.

Trust Fund – The Trust Fund under the Plan in which Plan assets are retained by the Trustee.

Trustee – The Trustee of the Trust Fund, and any successor thereto.

ARTICLE II

PARTICIPATION

2.1 Participation Requirements

(a) Each Eligible Employee who was a Participant in the Plan immediately prior to the Effective Date shall continue to participate in the Plan as of the Effective Date.

(b) Each other Eligible Employee who is not a Participant prior to the Effective Date or who becomes an Eligible Employee on and after the Effective Date shall become a Participant on the date that he or she becomes an Eligible Employee, provided that such Eligible Employee complies with any enrollment procedures established by the Committee.

2.2 Termination of Participation

(a) A Participant shall terminate active participation in the Plan upon any of the following events:

(i) death,

(ii) retirement,

(iii) Disability, or

(iv) other termination of employment with all Affiliates.

(b) A Participant who elects, pursuant to Section 4.5(b), to make a complete or partial withdrawal from the Pre-tax Deferral Account, Roth Deferral Account, Matching Contribution Account, and Rollover Account after age 59½ shall not be deemed to terminate participation in the Plan by such election alone.

(c) A Participant who ceases to be an Eligible Employee (other than by termination of employment), discontinues deferral contributions under Section 3.1, or enters the military service of the United States, shall also be an inactive Participant with respect to the deferral contribution feature of the Plan; provided, however, that, notwithstanding any provision of the Plan to the contrary, (i) contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u), and (ii) in the case of a Participant who dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant are entitled to any benefits

(other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and then terminated employment on account of death. Any interest of an inactive Participant in the Plan may be allowed to remain in the Trust Fund, subject to payment as provided in Article IV. Inactive Participants may apply for a hardship withdrawal in accordance with Section 4.5(a) but shall not be eligible for loans under Section 4.8.

2.3 Reemployment. An Eligible Employee or Participant who terminates employment with the Employer and who is subsequently reemployed as an Eligible Employee shall become a Participant on the date of his or her reemployment, provided that such Eligible Employee complies with any enrollment procedure established by the Committee. Notwithstanding any provision of the Plan to the contrary, an individual rehired after January 1, 2011, as a student, intern, or Temporary Employee will not be an Eligible Employee and will not become a Participant in the Plan, except that a Davis-Bacon Employee described in Section D-1 who is a Temporary Employees will become an Eligible Employee upon the completion of one Hour of Service.

ARTICLE III

CONTRIBUTIONS

3.1 Deferral Contributions

(a) Maximum. A Participant may contribute, by payroll deduction, any whole percentage of the Participant's Compensation not exceeding 75% of Compensation for each pay period to the Participant's Pretax Deferral Account and/or Roth Deferral Account. The Participant must specify whether the deferral contributions shall be pretax deferral contributions, Roth deferral contributions, or a combination of both. If a Participant fails to specify, then his or her deferral contributions shall be treated as pretax deferral contributions. The election shall be made in such manner and with such advance notice as prescribed by the Committee.

(b) Deferral contributions on behalf of a Participant shall be credited to such Participant's Pretax Deferral Account and/or Roth Deferral Account, as applicable and subject to Section 3.6.

(c) Upon becoming a Participant, and at any time thereafter, each Participant may elect the percentage of Compensation to be contributed as deferral contributions to the Plan. Any such election will take effect as soon as administratively feasible. Each election by a Participant under this Section 3.1(c) shall be made pursuant to the method established by the Committee for this purpose.

(d) If a Participant fails to make an election within 30 days of becoming a Participant, the Participant shall be deemed to have elected to have 6% of Compensation (the "automatic deferral rate") withheld and contributed to the Plan as pretax deferral contributions, effective as soon as administratively feasible following the 30-day period. (Effective January 1, 2017, to March 31, 2020, the automatic deferral rate was 4%. Effective September 1, 2007, to December 31, 2016, the automatic deferral rate was 3%.) Within a reasonable period prior to the date an automatic deferral election is effective and the first day of each Plan Year thereafter, the Participant shall receive a notice that explains the automatic deferral feature (including the applicable automatic deferral rate and how

automatic contributions will be invested in the absence of the Participant's investment election), the Participant's right to elect not to have automatic contributions made on the Participant's behalf, and the procedure for making an alternate election. Automatic contributions being made on behalf of a Participant will cease as soon as administratively feasible after the Participant makes an affirmative election regarding deferral contributions.

(e) Notwithstanding a Participant's election under Section 3.1(c) or deemed election under Section 3.1(d), if a Participant is contributing less than 15% of Compensation to the Plan on January 1 following his or her initial deferral contribution, such a Participant's deferral rate shall be automatically increased by 1% on such January 1 and each subsequent January 1 (or as soon as administratively feasible thereafter) until his or her deferral rate equals 15% of Compensation; provided, however, that this Section 3.1(e) shall not apply to a Participant who has elected to opt out of the automatic deferral increase feature or has elected to not contribute to the Plan.

(f) Deferral contributions must be contributed to the Trust Fund as soon as they can reasonably be segregated from the Employer's general assets, but in no event later than the 15th business day of the month following the month in which such amounts otherwise would have been payable to the Participant in cash. Deferral contributions shall be invested pursuant to Section 5.2(a).

3.2 Changing Deferral Contribution Election. A Participant may change his or her deferral contribution election at any time as provided in Section 3.1(c). Such change will take effect as soon as administratively feasible.

3.3 In-Plan Roth Conversion. A Participant, spousal alternate payee, or spousal beneficiary may elect to convert vested amounts from any Account, other than an Account holding Roth Contributions, to an In-Plan Roth Conversion Account in such manner and subject to such rules as the Committee may establish consistent with this Section 3.3 and Code Section 402A(c)(4)(E). The Plan permits conversion of any amounts permissible under the Code, including amounts that are not otherwise distributable. Amounts that are so converted will be subject to the taxation provisions and separate accounting requirements that apply to designated Roth contributions and any distribution

constraints applicable to such amounts prior to the conversion. An in-Plan Roth conversion is not a Plan distribution. Accordingly, the Plan may not withhold or distribute any amounts for income tax withholding.

3.4 Matching Contributions

(a) The Employer shall make a matching contribution for each pay period equal to 50% of the deferral contribution made by the Participant for such pay period; provided, however, that a Participant's deferral contributions in excess of 6% of Compensation for such pay period shall not be eligible for matching contributions. Notwithstanding the immediately preceding sentence, an Employer, by resolution of its board of directors or other governing body and subject to the approval of the Committee, may provide for a matching contribution on behalf of Participants employed by such Employer that differs from the matching contribution stated above. In such a case, the matching contribution so adopted by such Employer and approved by the Committee shall be set forth in Schedule A and shall be applicable to such Employer in lieu of the matching contribution stated above until changed by action of such Employer's board of directors or other governing body and approved by the Committee. Matching contributions on behalf of a Participant shall be made in cash and credited to the Participant's Matching Contribution Account.

The Employer shall make a true-up matching contribution for each Plan Year on behalf of each Participant who made deferral contributions during such Plan Year. The true-up matching contribution shall be in the amount that, when aggregated with all matching contributions made during the Plan Year on behalf of the Participant, equals 50% of the Participant's deferral contributions for the Plan Year that do not exceed 6% of the Participant's Compensation for the Plan Year. A Participant whose employment is terminated during the Plan Year may receive a true-up matching contribution prior to the end of the Plan Year, as determined in the sole discretion of the Participant's Employer. Notwithstanding the foregoing, for any Participant employed by an Employer who provides a matching contribution that differs from the matching contribution formula stated above, as set forth in Schedule A, the amount of true-up matching contribution shall not exceed

the maximum matching contribution made pursuant to Schedule A as determined on a Plan Year basis.

Matching contributions described in this Section 3.4(a) without regard to any matching contributions described in Schedule A are referred to herein as the "standard matching contributions."

(b) [Reserved]

3.5 Employer Contributions. Each Employer, in its sole discretion, may make either or both of the following types of contributions to the Plan on behalf of Participants employed by that Employer.

(a) Profit Sharing. Each Employer may establish a profit sharing feature by which a contribution to the Plan may be allocated to Participants pursuant to criteria related to the Employer's annual performance, as established by resolution of its governing body and subject to the approval of the Committee. Each profit sharing feature shall be set forth in Schedule B and shall be applicable to the Employer that established the feature until changed by action of such Employer's governing body and approved by the Committee. Any such contribution will be made in accordance with Section 5.1 and will be invested pursuant to the Participant's investment election.

(b) Retirement Contribution. Each Employer may establish a retirement contribution feature by which a contribution to the Plan will be allocated to Participants pursuant to a specific formula established by resolution of its governing body and subject to the approval of the Committee. Each retirement contribution feature shall be set forth in Schedules C.1–C.6 and shall be applicable to the Employer that established the feature until changed by action of such Employer's governing body and approved by the Committee. Any such contribution will be made in accordance with Section 5.1 and will be invested pursuant to the Participant's investment election.

3.6 Special Limitations on Deferral Contributions

(a) For each Plan Year, the Plan shall comply with Code Section 401(k)(3). Specifically, if the actual deferral percentage or ADP (as defined in Section 3.6(c)) of Compensation for Participants who are HCEs is more than the amount permitted under the special limitations

set forth in Section 3.6(b), the deferral contributions made by the HCEs will be reduced (in the order of those HCEs with the highest dollar contribution amount) to the extent necessary to meet the requirements of Section 3.6(b). The Employer shall pay directly to the Participant any excess amounts withheld for contribution. Any excess deferral contributions made to the Trust Fund, plus any related earnings thereon, shall be distributed to the Participants before the end of the Plan Year following the Plan Year in which such excess deferral contributions are made. Amounts to be distributed to a Participant pursuant to the previous sentence shall be reduced by the amounts (if any) to be distributed to that Participant pursuant to Section 3.6(g).

In addition, if the Employer or the Committee determines that contributions would be in excess of the special limitations set forth in Section 3.6(b), the Employer may in its sole discretion suspend, in whole or in part, deferral contributions to the Plan made on behalf of Participants who are HCEs. In such case the deferral contributions that would ordinarily be contributed to the Trust Fund on the Participants' behalf in a payroll period shall be paid directly to such Participants.

(b) The ADP for any Plan Year beginning on or after January 1, 1987, of all Eligible Employees who are HCEs shall not exceed, alternatively (i) 125% of the ADP for all Eligible Employees who are not HCEs, or (ii) 200% of the ADP for Eligible Employees who are not HCEs, provided that the ADP for all HCEs does not exceed the ADP for all other Eligible Employees by more than 2%.

(c) For purposes of this Section 3.6, the "actual deferral percentage" or "ADP" for a Plan Year shall be the average of the ratios, calculated separately for each Eligible Employee in each group, of the amount of deferral contributions credited to the Pretax Deferral Account and Roth Deferral Account on behalf of each Eligible Employee for such Plan Year to the Eligible Employee's Section 415 compensation (as defined in Section 3.8) for such Plan Year.

(d) If a reduction in the amount of deferral contributions on behalf of a Participant is required because of the application of Section 3.6(a), the reduction shall be treated as taxable

earnings to the Participant for the pay period in which the reduction occurs, and the Employer shall withhold any taxes required by law on such taxable earnings.

(e) If a distribution of excess deferral contributions (and related earnings) is required because of the application of Section 3.6(a), the Employer shall withhold any taxes required by law on such distribution.

(f) In the event that an active Participant is required to reduce deferral contributions to the Plan as a result of the application of Section 3.6(a), the matching contribution under Section 3.4 made on behalf of the Participant for the remainder of the Plan Year shall be applied to the reduced amount of deferral contributions.

(g) Notwithstanding the foregoing provisions of this Section 3.6, the maximum amount of deferral contributions credited to the Pretax Deferral Account and Roth Deferral Account on behalf of a Participant in any calendar year may not exceed $19,500, as may be adjusted in accordance with regulations prescribed by the Secretary of the Treasury to reflect increases in the cost of living, and any such contributions made to the Pretax Deferral Account and Roth Deferral Account in excess of such limit (as adjusted), plus any related earnings on the excess, shall be distributed to the Participant by no later than April 15 following the close of the calendar year in which the excess deferral contributions are made. The amount of deferral contributions distributed to a Participant pursuant to the immediately preceding sentence shall be reduced by the amount of deferral contributions distributed to such Participant pursuant to Section 3.6(a) for the same Plan Year.

Deferral contributions exceeding the limits of this Section 3.6(g) shall mean the amount of deferral contributions for a calendar year that the Participant designates to the Plan pursuant to the following procedure. The Participant's designation shall (i) be submitted to the Committee in writing no later than March 1, (ii) specify the Participant's deferral contributions exceeding the limits of this Section 3.6(g) for the preceding calendar year, and (iii) be accompanied by the Participant's written statement that if such excess deferral contribution is not distributed, it will, when added to amounts deferred under other plans or arrangements described in Code Section 401(k), 408(k), or 403(b), exceed the

limit imposed on the Participant by Code Section 402(g) for the year in which the deferral occurred. Deferral contributions exceeding the limits of this Section 3.6(g) are includible in a Participant's gross income under Code Section 402(g) to the extent that such Participant's deferral contributions for a taxable year exceed the dollar limitation under such Code section. Such excess deferral contributions, and the income or loss allocable thereto, may be distributed before the end of the calendar year in which the deferral contributions were made. A Participant who has such excess deferral contributions for a taxable year, taking into account only such deferral contributions under the Plan or any other plan of the Affiliates, shall be deemed to have designated the entire amount of such excess deferral contributions.

(h) The earnings allocable to distributions of deferral contributions exceeding the limits of Section 3.6(b) or 3.6(g) shall be the sum of (i) the earnings attributable to the Participant's deferral contributions for the year multiplied by a fraction, the numerator of which is the applicable excess amount, and the denominator of which is the balances in the Pretax Deferral Account and Roth Deferral Account of the Participant on the last day of such year reduced by gains (or increased by losses) attributable to such Accounts for the year; and (ii) 10% of the amount determined under clause (i) multiplied by the number of whole calendar months between the end of the Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the 15th day of such month.

(i) All Employees who are eligible to make deferral contributions under the Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Code Section 414(v). Such catch-up contributions shall not be taken into account for purposes of implementing the required limitations of Code Sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the requirements of Code Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of the making of such catch-up contributions. Deferral contributions are matched up to the maximum deferral limit for the Plan Year, including excess deferrals that are reclassified as catch-up contributions.

3.7 Special Matching Contribution Limitations

(a) For each Plan Year, the Plan shall comply with Code Section 401(m)(2). Specifically, if the actual contribution percentage or ACP (as defined in Section 3.7(c)) for Participants who are HCEs is more than the amount permitted under the special limitations set forth under Section 3.7(b), the matching contributions credited to the Matching Contribution Accounts of those Participants who are HCEs shall be reduced (in the order of the HCEs with the highest dollar amount of matching contributions) to the extent necessary to meet the requirements of Section 3.7(b). Any excess matching contributions made to the Trust Fund, plus any related earnings thereof, shall be distributed to such Participants before the end of the Plan Year following the Plan Year in which such excess matching contributions are made. The earnings allocable to distributions of deferral contributions exceeding the limits of Section 3.7(b) shall be the sum of (i) the earnings attributable to the Participant's deferral contributions for the year multiplied by a fraction, the numerator of which is the applicable excess amount and the denominator of which is the balance in the Pretax Deferral Account and Roth Deferral Account of the Participant on the last day of such year reduced by gains (or increased by losses) attributable to such Accounts for the year; and (ii) 10% of the amount determined under clause (i) multiplied by the number of whole calendar months between the end of the Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the 15th day of such month. In addition, if the Employer or the Committee determines that contributions or matching contributions would be in excess of the special limitations set forth under Section 3.7(b), the Employer may, in its sole discretion, suspend, in whole or in part, deferral contributions to the Plan made on behalf of Participants who are HCEs and, therefore, related matching contributions with respect to such Participants, in which case the deferral contributions that would ordinarily be contributed to the Trust Fund on the Participants' behalf in a payroll period shall be paid directly to such Participants.

(b) The ACP for any Plan Year of all Eligible Employees who are HCEs shall not exceed, alternatively (i) 125% of the ACP for all Eligible Employees who are not HCEs, or (ii) 200%

of the ACP for Eligible Employees who are not HCEs, provided that the ACP for all HCEs does not exceed the ACP for all other Eligible Employees by more than 2%.

(c) For purposes of this Section 3.7, the "actual contribution percentage" or "ACP" for a Plan Year shall be the average of the ratios, calculated separately for each Eligible Employee in each group, of the amount of matching contributions to the Matching Contribution Account on behalf of each Eligible Employee for such Plan Year to the Eligible Employee's Section 415 compensation (as defined in Section 3.8) for such Plan Year.

(d) If a reduction in the amount of deferral contributions on behalf of a Participant is required because of the application of Section 3.7(a), the reduction shall be treated as taxable earnings to the Participant for the pay period in which the reduction occurs, and the Employer shall withhold any taxes required by law on such taxable earnings.

(e) If a distribution of excess deferral contributions or excess matching contributions (and related earnings) is required because of the application of Section 3.7(a), the Employer shall withhold any taxes required by law on such distribution.

(f) In the event that an active Participant is required to reduce deferral contributions to the Plan as a result of the application of Section 3.7(a), the matching contribution made on behalf of the Participant for the remainder of the Plan Year shall be applied to the reduced amount of deferral contributions.

3.8 Contribution Limitation. Notwithstanding any provision of the Plan to the contrary, and except to the extent permitted under Code Section 414(v), the annual additions (as defined below) to a Participant's Accounts shall not exceed the lesser of (a) 100% of the Participant's total Section 415 compensation (as defined below) or (b) $57,000, as adjusted for cost-of-living increases under Code Section 415(d). Plan benefits shall be paid in accordance with Code Section 415 and applicable Treasury Regulations issued thereunder, the requirements of which are incorporated herein by reference to the extent not specifically provided herein.

"Annual addition" for any Plan Year means the sum of (a) the deferral contributions, matching contributions, and profit sharing contributions, if any, credited to a Participant's Accounts for that year, and (b) the contributions made by an Affiliate on behalf of such Participant (including

contributions made by such Participant pursuant to an election to defer earnings), and any remainders to be credited to his or her Account under any other defined contribution plan maintained by the Affiliates in which such Participant participates. The Committee shall take any actions it deems advisable to avoid an annual addition in excess of the limitations set forth in Code Section 415; provided, however, if a Participant's annual addition for a Plan Year actually exceeds the limitations of this Section 3.8, the Committee shall correct such excess in accordance with applicable Treasury Regulations or applicable guidance issued by the Internal Revenue Service.

The term "Section 415 compensation" shall mean the total of all of the wages, salaries, and other amounts received by the Participant from the Employer for services rendered to the Employer as reflected on Form W-2, but only to the extent such amounts are includible as compensation under Code Section 415I(3) and the regulations thereunder (including any amounts includible in a Participant's income under the rules of Code Section 409A or because the amounts are constructively received by the Participant for any year beginning on or after January 1, 2008), and any differential wage payment (as defined in Code Section 3401(h)), plus any elective deferrals (as defined in Code Section 402(g)(3)) and any amount contributed or deferred by the Employer at the Participant's election that is excludable from income under Code Sections 125, 132(f)(4), or 457.

Notwithstanding the foregoing, Section 415 compensation for a Plan Year shall include compensation paid to the Participant by the later of 2½ months after the Participant's severance from employment with the Employer or the end of the Plan Year that includes the date of such severance from employment if (i) the payments are regular compensation for services during the Participant's regular working hours or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Employer; (ii) the payments are for unused accrued bona fide vacation time that the Participant would have been able to use if employment had continued; or (iii) the payment is received by the Participant pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if employment had continued and only to the extent the payments are includible

in gross income. Payments other than those described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2½ months after the date of severance from employment or the end of the Plan Year that includes the date of severance from employment, except (i) payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service; or (ii) compensation paid to a Participant who is permanently and totally disabled, as defined in Code Section 22(e)(3), provided that either salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period or the Participant was not an HCE immediately before becoming disabled. Notwithstanding any provision of the Plan to the contrary, Section 415 compensation shall not include amounts in excess of the limitation under Code Section 401(a)(17) in effect for the Plan Year.

3.9 Rollover Contributions. At the direction of the Committee, and in accordance with such uniform rules as the Committee may from time to time establish, rollovers described in Code Section 402(c), rollovers from an annuity contract described in Code Section 403(b), rollovers from an eligible plan under Code Section 457(b) that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that is not tax-exempt, and rollovers from another plan that meets the requirements of Code Section 401(a) or 403(a), including after-tax employee contributions and designated Roth accounts, may be received by the Trustee and will be credited to an Account established in the name of the Eligible Employee. Any rollover contribution made in accordance with the preceding sentence must be made in cash; rollover contributions of property other than cash will not be accepted. Any amount received by the Trustee for an Eligible Employee in accordance with this Section 3.9 shall be adjusted during each accounting period for their pro rata share of any change in the value of the Investment Funds. Eligible Employees shall be fully vested in their Rollover Account. Loans from a terminated plan of an acquired company may be accepted.

ARTICLE IV

ACCOUNTS; VESTING; DISTRIBUTIONS

4.1 Participants' Accounts

(a) The Employer shall maintain, or cause to be maintained, records that reflect the interest of each Participant's Pretax Deferral Account, Roth Deferral Account, In-Plan Roth Conversion Account, Matching Contribution Account, ESOP Account, Rollover Account, Profit Sharing Account, and Retirement Contribution Account, as applicable, including all contributions, income, gains or losses, and withdrawals with respect to such Accounts. Records for the Participants' Accounts shall be maintained in accordance with procedural rules as determined by the Committee. As of such valuation dates as the Committee shall determine, but not less frequently than once each Plan Year, the Committee shall determine the value of each Participant's Accounts.

(b) At least once each Plan Year (and as frequently as ERISA requires), the Employer shall cause to be furnished to each Participant a statement of the contributions made by the Employer on the Participant's behalf, and the value of the Participant's Accounts, as well as such information as may be necessary to set forth earnings, gains, or losses with respect to the Participant's Accounts.

4.2 Vesting

(a) A Participant will, at all times, have a fully vested right to the value of the Participant's Pretax Deferral Account, Roth Deferral Account, Matching Contribution Account, Rollover Account, and ESOP Account. As described in Schedule B or Schedules C.1–C.6 (which add a profit sharing feature or retirement contribution feature), a number of years of service may be required for the Participant to be fully vested in his or her Profit Sharing Account or Retirement Contribution Account, as applicable. If a Participant terminates employment before becoming fully or partially vested in his or her Profit Sharing Account or Retirement Contribution Account, the non-vested portion in such Account shall be forfeited as of the last day of the Plan Year in which the Participant terminates employment with all Affiliates. Any forfeitures that arise under the terms of this Section 4.2(a) shall be used for any of the

following: (i) to reinstate the profit sharing contributions or retirement contributions of any reemployed Participants pursuant to the terms of the Plan, (ii) to reduce Employer contributions to the Plan, and (iii) to reduce administrative expenses incurred by the Plan. A Participant who dies while performing qualified military service (as defined in Code Section 414(u)) will receive service credit for vesting purposes for the period of qualified military service.

(b) If a Participant's employment with all Affiliates terminates before the Participant becomes vested in his or her Profit Sharing Account or Retirement Contribution Account, and such Participant is subsequently reemployed by the an Affiliate, the following special rules shall apply:

(i) A "One-Year Break In Service" means a Plan Year in which a terminated Participant completes less than 500 Hours of Service.

(ii) If the Participant was not vested in his or her Profit Sharing Account or Retirement Contribution Account as of termination of employment, the Participant's years of vesting service prior to the termination of employment shall be aggregated with years of vesting service accrued upon reemployment only if the number of his or her consecutive One-Year Breaks In Service is less than five.

(iii) In the case of a maternity or paternity absence (as defined below), a Participant shall be credited, for the first Plan Year in which he or she otherwise would have incurred a One-Year Break In Service (and solely for purposes of determining whether such a One-Year Break In Service has occurred), with the Hours of Service that normally would have been credited to the Participant but for such absence (or, if the Committee is unable to determine the hours that would have been so credited, 8 hours for each work day of such absence), but in no event more than 501 hours for any one absence. A "maternity or paternity absence" means an Employee's absence from work because of the pregnancy of the Employee or birth of a child of the Employee, because of the placement of a child with the Employee in connection with the adoption of such child by the Employee,

or for purposes of caring for the child immediately following such birth or placement. The Committee may require the Employee to furnish such information as the Committee considers necessary to establish that the Employee's absence was for one of the reasons specified above.

(iv) If a Participant terminated employment with all Affiliates before the Participant was fully vested in the Participant's Profit Sharing Account or Retirement Contribution Account, and is reemployed by an Affiliate before incurring five consecutive One-Year Breaks In Service, the forfeiture that resulted from the Participant's earlier termination of employment (unadjusted by subsequent gains or losses if the Participant received a prior distribution from the Plan) shall be recredited to the Participant's Profit Sharing Account or Retirement Contribution Account, as applicable, as of the accounting date coincident with or next following the date of his or her reemployment.

4.3 Distribution. The amount credited to a Participant's Accounts, to the extent such Participant is vested in such Accounts, shall become payable to the Participant (or the beneficiary, as applicable) subject to Section 4.6 upon any of the following events:

(a) retirement;

(b) Disability;

(c) death;

(d) other termination of employment with all Affiliates;

(e) as a hardship withdrawal under Section 4.5(a); or

(f) as an age 59½ withdrawal under Section 4.5(b).

4.4 Method of Payment. Participants (or their beneficiaries), in accordance with such uniform rules as the Committee may establish, shall elect distribution of their Accounts in one of the following methods:

(a) as a single-sum distribution; or

(b) in flexible installments not exceeding nine years.

Distributions shall generally be paid in cash; provided, however, that distributions from a Participant's ESOP Account may, at the Participant's election, be paid in the form of Common Stock.

4.5 Withdrawals by Participants

(a) Hardship Withdrawal. A Participant may apply for a hardship withdrawal at any time. The withdrawal must be for an immediate and heavy financial need of the Participant for which funds are not reasonably available from other resources of the Participant. If approved, such withdrawal shall equal the lesser of (i) the amount required to be distributed to meet the need created by the hardship, (including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal), or (ii) the value of the vested portion of the Participant's Accounts. Immediate and heavy financial needs are limited to amounts necessary for:

(i) Unreimbursed medical expenses (as defined in Code Section 213, determined without regard to whether the expense exceeds 7½% of adjusted gross income) incurred by the Participant, the Participant's Spouse, or the Participant's dependents (as defined in Code Section 152 without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)).

(ii) Preventing foreclosure on or eviction from the Participant's principal residence.

(iii) Costs directly related to the purchase of the Participant's principal residence, not including mortgage payments.

(iv) Tuition, room and board, and related educational fees for the next 12 months of post-secondary education for the Participant or the Participant's Spouse, children, or dependents.

(v) Funeral or burial expenses for the Participant's deceased parent, Spouse, children, or dependents.

(vi) Expenses for repair of damages to the Participant's principal residence that would qualify for a casualty loss deduction under Code Section 165 (determined without

regard to Code Section 165(h) and whether the loss exceeds 10% of adjusted gross income).

(vii) Expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100–707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by the Federal Emergency Management Agency for individual assistance with respect to the disaster.

In addition, a hardship withdrawal may be made only if the following conditions are met:

(i) The Participant has obtained all other currently available distributions (including distributions of ESOP dividends under Code Section 404(k), but not hardship withdrawals or nontaxable loans) under the Plan and all other plans of deferred compensation (whether qualified or nonqualified) maintained by the Affiliates.

(ii) The Participant has provided to the Committee a representation in writing (including by using an electronic medium as defined in Treasury Regulation § 1.401(a)–21(e)(3)), or in such other form as may be prescribed by the Commissioner of the Internal Revenue Service, that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need.

(iii) The Committee does not have actual knowledge that is contrary to the representation described above.

(iv) Any additional conditions, such as those described in 26 C.F.R. 1.401(k)-1(d)(3)(iv)(B) and (C).

A hardship withdrawal shall be paid to the Participant in cash as soon as practicable after approval of the Participant's written request. Effective January 1, 2020, there will be no suspension of deferral contributions following receipt of a hardship withdrawal.

(b) Age 59½ Withdrawal. A Participant who has attained age 59½ may withdraw, by written election to the Committee once per Plan Year, all or any portion of the Participant's vested Accounts in cash or in the form of Common Stock.

(c) Rollover Withdrawal. A Participant may withdraw, at any time by written election, all or any portion of the Participant's Rollover Account.

4.6 Timing of Distributions

(a) When Distributions May Commence. If a Participant has incurred a distribution event described in Section 4.3 and requests a distribution of his or her Account, amounts credited to such Participant's Account will be paid as soon as practicable after such amounts are ascertained. In accordance with Code Section 414(u)(12), a Participant receiving a differential wage payment (as defined in Code Section 3401(h)(2)) shall be treated as having been severed from employment with all Affiliates for purposes of taking a distribution of his or her Account during any period the Participant performs service in the uniformed services while on active duty for a period of more than 30 days. If a Participant elects to receive a distribution pursuant to the preceding sentence, such Participant shall not be permitted to make deferral contributions under Section 3.1 during the six-month period beginning on the date of the distribution.

(b) When Distributions Must Commence

(i) Accounts Not Exceeding $5,000. If a Participant incurs a distribution event described in Section 4.3(a)–(f) and his or her vested Accounts do not exceed $5,000, such vested Accounts shall be distributed as soon as practicable after such amounts are ascertained without the need for the Participant's consent to such distribution. If the Participant's vested Accounts exceed $1,000 but do not exceed $5,000, the vested Accounts shall be distributed in a direct rollover to an individual retirement account designated by the Committee unless the Participant elects otherwise. If the Participant's vested Accounts are $1,000 or less, the vested Accounts shall be distributed to the Participant in a lump sum unless the Participant elects otherwise.

(ii) Accounts in Excess of $5,000. If a Participant incurs a distribution event described in Section 4.3(a)–(f) and his or her vested Accounts exceed $5,000, then payment of the Participant's vested Accounts shall commence not later than the 60th day after the end of the calendar year in which the latest of the following events occurs:

(A) the Participant attains Normal Retirement Age;

(B) the tenth anniversary of the year in which the Participant commenced participation in the Plan occurs; or

(C) the Participant terminates employment with all Affiliates.

Notwithstanding the foregoing, the Participant may elect to defer distribution of his or her Accounts (by not requesting a distribution) until attainment of age 72. As a result, if the Participant's vested Accounts exceed $5,000, a distribution will not be made to the Participant before attainment of age 72 without the Participant's consent. Upon a Participant's attainment of age 72, distribution of the Accounts shall commence as soon as practicable after such amounts are ascertained. If a Participant dies before age 72 and the Participant's surviving Spouse is the beneficiary, the surviving Spouse may elect to defer distribution of the Participant's Accounts until the Participant would have attained age 72. (In applying this Section 4.6(b)(ii)(C) prior to January 1, 2020, "age 70½" shall be substituted for "age 72.")

For purposes of determining the value of the Participant's vested Accounts under Sections 4.6(b)(i)–(ii), the Participant's Rollover Account (if any) shall be included.

(c) Minimum Distribution Rules for Employees Who Continue in Service After Attaining Age 72. All distributions under the Plan shall be made in accordance with Code Section 401(a)(9).

(i) 5% Owners in Service After Attaining Age 72. With regard to a Participant who is a 5% owner (as defined in Code Section 416), payment of a benefit under the Plan shall commence no later than the April 1 next following the calendar year in which

such Participant attains age 72, regardless of whether the Participant has retired or otherwise terminated employment as of such date.

(ii) All Other Participants in Service After Attaining Age 72. With regard to Participants other than 5% owners who continue to be active Employees after attaining age 72, distribution of their Accounts is not required until they terminate employment.

(In applying this Section 4.6(c) prior to January 1, 2020, "age 70½" shall be substituted for "age 72.")

4.7 Distributions Made in Accordance with Code Section 401(a)(31). Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 4.7, a Distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a direct rollover. With respect to any portion of a distribution from the Plan on behalf of a deceased Participant, if a direct trustee-to-trustee transfer is made to an individual retirement plan described in Code Section 408(a) or (b) (an "IRA"), which IRA is established for the purpose of receiving the distribution on behalf of an individual who is a designated beneficiary (as defined by Code Section 401(a)(9)(E)) of the Participant and who is not the surviving Spouse of the Participant, then the transfer shall be treated as an Eligible Rollover Distribution for purposes of this Plan and Code Section 402(c). For purposes of this Section 4.7, the IRA of the non-Spouse beneficiary is treated as an inherited IRA within the meaning of Code Section 408(d)(3)(C). The Plan may make a direct rollover to an IRA on behalf of a trust where the trust is the designated beneficiary of a Participant, provided that (a) the beneficiaries of the trust meet the requirements of a designated beneficiary described above; (b) the IRA is established in accordance with Internal Revenue Service guidance, with the trust identified as the beneficiary; and (c) the trust meets the requirements set forth in Treasury Regulation § 1.401(a)(9)-4, Q&A-5. The rules of this Section 4.7 shall be interpreted in a manner consistent with regulations or other guidance prescribed by the Internal Revenue Service under Code Section 402(c)(11). Solely to the extent permitted in Code Sections 408A(c)(3)(B), (d)(3) and (e), an eligible Distributee may elect to roll over any portion of an Eligible Rollover Distribution to a Roth IRA (as defined by Code Section 408A), provided that

the rollover requirements of Code Section 402(c) are met, and provided further that, in the case of an Eligible Rollover Distribution to a non-Spouse beneficiary, the Roth IRA is treated as an inherited IRA (within the meaning of Code Section 408 (d)(3)(C)).

4.8 Loans to Participants. While it is the primary purpose of the Plan to accumulate retirement funds for Participants, it is recognized that under some circumstances it is in the best interest of Participants to permit loans to be made to them while they continue in the active service of the Employer. Accordingly, the Committee, pursuant to such rules as it may from time to time establish and upon application by a Participant supported by such evidence as the Committee requests, may make loans to Participants subject to the following:

(a) Funding, Number, and Amount. Loans are available pro rata from a Participant's vested Accounts. For each Participant, no more than two loans may be approved and no more than two loans may be outstanding at any time during a Plan Year. The minimum amount of each loan is $1,000. The maximum amount of each loan, when added to the outstanding balance of all other loans made to the Participant from all qualified plans maintained by the Affiliates, shall not exceed the lesser of:

(i) $10,000, reduced by the excess (if any) of:

(A) the highest outstanding balance of plan loans during the one-year period ending immediately preceding the date of the loan, over

(B) the outstanding balance of plan loans on the date the loan is made; or

(ii) one-half of the Participant's total vested Account balances under the Plan.

(b) Documentation and Interest Rate. Each loan must be evidenced by a promissory note prepared in a form approved by the Committee and shall bear a reasonable rate of interest equal to the Wall Street Journal Prime Rate plus 1% or such other commercially reasonable interest rate as determined by the Committee from time to time; provided however, that the applicable interest rate shall not exceed 6% during any period that the Participant receiving the loan is on military leave, in accordance with the Servicemembers Civil Relief Act. Interest paid by a Participant on a loan made under this Section 4.8 shall be credited to the

Participant's Account as of the accounting date that ends the accounting period of the Plan during which such interest payment is made.

(c) Repayment and Leaves of Absence. The repayment of any loan must be made in at least quarterly installments of principal and interest; provided, however, that this quarterly amortization requirement shall not apply while a Participant is on a leave of absence for a period not longer than one year, if the following conditions are met: (i) the Participant is on leave either without pay from the Employer, or at a rate of pay (after income and employment tax withholding) that is less than the amount of the installment payments required under the terms of the loan; (ii) the loan must be repaid by the latest date permitted under Section 4.8(e) or 4.8(f), as applicable, and (iii) the installments due after the leave of absence ends (or if earlier, upon the expiration of the first year of the leave of absence) must not be less than those required under the terms of the original loan. The Committee may allow for suspension of loan repayments under the Plan as permitted under Code Section 414(u)(4).

(d) Term of Loan. Each loan shall specify a repayment period that shall not extend beyond five years. If a Participant's employment is involuntarily terminated in connection with the sale, outsourcing or other divestiture of an Employer, then the Committee may establish uniform rules pursuant to which a Participant may elect a rollover of his or her outstanding loan to an Eligible Retirement Plan. However, the five-year limit shall not apply to any loan used to acquire any dwelling unit that, within a reasonable time, is to be used (determined at the time the loan is made) as the principal residence of the Participant, in which event the time limit shall be 15 years.

(e) Retirement or Termination of Employment. If upon a Participant's retirement or other termination of employment, any loan or portion of a loan made to the Participant under the Plan, together with the accrued interest thereon, remains unpaid, an amount equal to such loan or any part thereof, together with the accrued interest thereon, shall be charged to the Participant's Account as soon as practicable after 60 days following the Participant's retirement or termination of employment.

(f) Failure to Repay. If a Participant fails to make a loan payment by its due date (other than as described in Section 4.8 (e)), the total outstanding amount of the loan, together with the accrued interest thereon, shall be defaulted as soon as practicable after 90 days following the loan payment due date.

ARTICLE IV A

MINIMUM DISTRIBUTION REQUIREMENTS

4A.1 General Rules

(a) Effective Date. The provisions of this Article IV A will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. In applying the provisions of this Article IV A prior to January 1, 2020, “age 70½” shall be substituted for “age 72.”

(b) Precedence. The requirements of this Article IV A will take precedence over any inconsistent provisions of the Plan; provided, however, that this Article IV A shall not require the Plan to provide any form of benefit, or any option, not otherwise provided under the Plan.

(c) Requirements of Treasury Regulations Incorporated. All distributions required under this Article IV A will be determined and made in accordance with Code Section 401(a)(9), including the incidental death benefit requirement in Code Section 401(a)(9)(G), and the Treasury Regulations thereunder.

(d) TEFRA Section 242(b) Elections. Notwithstanding the other provisions of this Article IV A, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (“TEFRA”) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

(e) Definitions. For purposes of this Article IV A, capitalized terms shall have the meanings provided in Article I, unless an alternate definition is provided in Section 4A.5, in which case the definition in Section 4A.5 shall control.

4A.2 Time and Manner of Distribution

(a) Required Beginning Date. The Participant’s entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant’s Required Beginning Date.

(b) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant’s entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 72, if later.

(ii) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, and if distribution is to be made over the life or over a certain period not exceeding the Life Expectancy of the Designated Beneficiary, distribution to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, or if the provisions of Sections 4A.2(b)(i) and (ii) do not otherwise apply, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 4A.2(b), other than Section 4A.2(b)(i), will apply as if the surviving Spouse were the Participant.

For purposes of Sections 4A.2 and 4A.4, unless Section 4A.2(b)(iv) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Section 4A.2(b)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section 4A.2(b)(i). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 4A.2(b)(i)), the date distributions are considered to begin is the date distributions actually commence.

(c) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year, distributions will be made in accordance with Sections 4A.3 and 4A.4. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations thereunder.

4A.3 Required Minimum Distributions During Participant's Lifetime

(a) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(i) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(ii) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's Spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the Distribution Calendar Year.

(b) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 4A.3 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

4A.4 Required Minimum Distributions After Participant's Death

(a) Death on or After Date Distributions Begin.

(i) Participant Survived by Designated Beneficiary. Subject to the provisions of this Article IV A, if the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

(A) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving Spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining Life Expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(C) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(ii) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after

the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(b) Death Before Date Distributions Begin.

(i) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in Section 4A.4(a).

(ii) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section 4A.2(b)(i), this Section 4A.4(b) will apply as if the surviving Spouse were the Participant.

4A.5 Definitions

(a) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 6.6 and is the designated Beneficiary under Code Section 401(a)(9) and Treasury Regulation Section 1.401(a)(9)-1, Q&A-4.

(b) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 4A.2(b). The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(c) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Q&A-1 of Section 1.401(a)(9)-9 of the Treasury Regulations.

(d) Participant's Account Balance. The Account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

(e) Required Beginning Date. The date specified in Section 4.6(b).

ARTICLE V

INVESTMENT OF CONTRIBUTIONS

5.1 Making of Contributions. Once each month, or as otherwise determined by the Committee subject to the Employer's consent, the Employer will pay over contributions to the Trustee to be held in trust and invested as herein provided and as set out more fully in the Trust Agreement. The Employer's matching contributions, profit sharing contributions, and retirement contributions for each Plan Year, if any, shall not be made later than the due date for filing the Employer's federal income tax return for the taxable year with or within which such Plan Year ends, including extensions thereof. The contributions to this Plan when taken together with all other contributions made by the Employer to other qualified retirement plans shall not exceed the maximum amount deductible under Code Section 404.

5.2 Investment

(a) Each Participant's Accounts and earnings credited to such Accounts on and after the Effective Date will be invested in one or more of the Investment Funds. Each Participant will designate the proportion (expressed as a percentage in multiples of 1%) of such Participant's Accounts to be invested in each Investment Fund. Such designation, once made, can be changed at any time and will take effect as soon as administratively feasible. Participants may also, at any time and independent of changing their election of investment of future deferral contributions, transfer the amount equivalent to the Participant's interest or any partial interest (expressed as a percentage in multiples of 1% or in dollars) from one Investment Fund to another. Any designation made under this Section 5.2(a) shall be made pursuant to the method established by the Committee for this purpose.

Notwithstanding any other provision herein to the contrary, during any period in which a Participant has not made an initial election as to the investment of his or her Accounts, the Participant shall be deemed to have elected to have his or her Accounts invested in the age appropriate target date fund, as determined by the Committee. The investment described in the preceding sentence is referred to as the default fund and is

intended to constitute a qualified default investment alternative within the meaning of ERISA Section 404(c) and the regulations issued thereunder.

(b) Each Participant shall have an interest in each Investment Fund in which the Participant has elected to have invested all or any part of the Participant's deferral contributions under Section 3.1. The Participant's interest at any time in the Investment Funds shall be equal to such contributions, adjusted from time to time to reflect the proportionate share of the income and losses realized by such Investment Funds and of the net appreciation or depreciation in the value of such Investment Funds.

(c) In accordance with Code Section 401(a)(35), for any period in which the Plan holds publicly traded employer securities, the following rules shall apply.

(i) Subject to Section 1.401(a)(35)-1(f)(2)(iv)(B) of the Treasury Regulations, if the Company or any member of the controlled group of corporations (as defined in Section 1.401(a)(35)-1(f)(2)(iv)(A) of the Treasury Regulations) that includes the Company has issued a class of stock that is a publicly traded employer security, and the Plan holds employer securities that are not publicly traded employer securities, then the Plan shall be treated as holding publicly traded employer securities.

(ii) With respect to a Participant, an alternate payee with an Account under the Plan, or a Participant's beneficiary, if any portion of such individual's Account under the Plan attributable to employee contributions and elective deferrals (as described in Code Section 402(g)(3)(A)) is invested in publicly traded employer securities, then such individual must be offered the opportunity to elect to divest those employer securities and reinvest an equivalent amount in other investment options as described in Section 5.2(c)(iv).

(iii) With respect to a Participant who has completed three years of vesting service, an alternate payee of such Participant with an account under the Plan, or a Participant's beneficiary, if any portion of such individual's account attributable to employer contributions is invested in publicly traded employer securities, then such

individual must be offered the opportunity to elect to divest those employer securities and reinvest an equivalent amount in other investment options as described in Section 5.2(c)(iv).

(iv) With respect to individuals described in Sections 5.2(c)(ii) and (iii):

(A) At least three investment options (other than employer securities) shall be offered to such individuals;

(B) Each investment option shall be diversified and have materially different risk and return characteristics; and

(C) Periodic reasonable divestment and reinvestment opportunities shall be provided at least quarterly.

(v) Except as provided in Sections 1.401(a)(35)-1(e)(2) and (3) of the Treasury Regulations, restrictions (either direct or indirect) or conditions will not be imposed on the investment of publicly traded employer securities if such restrictions or conditions are not imposed on the investment of other Plan assets.

(d) One of the Investment Funds shall be a fund invested primarily in Common Stock (the "Common Stock Investment Fund"). The Common Stock Investment Fund is intended to be a permanent Investment Fund under the Plan, unless the Committee concludes that it is clearly imprudent to continue the Common Stock Investment Fund as an Investment Fund under the Plan. The Committee will evaluate the prudence of maintaining the Common Stock Investment Fund not on the basis of the risk of the Common Stock Investment Fund standing alone but in light of the availability of other Investment Funds under the Plan and the ability of Participants and beneficiaries to construct a diversified investment portfolio consistent with their individual desired level of risk and return.

5.3 Voting of Common Stock of the Company. Each Participant shall have the right to direct the Trustee as to the manner in which shares of Common Stock allocated to the Participant's Accounts are to be voted. The Company shall furnish the Trustee and the Participants with notices and information statements when voting rights are to be exercised, in such time and manner as may be required by applicable law and the Certificate of Incorporation and Bylaws of the Company. Such

statements shall be substantially the same for Participants as for holders of Common Stock in general. The Participant may, in the Participant's discretion, grant proxies for the exercise of the Participant's voting rights under this Section 5.3 in accordance with proxy provisions of general application. The Trustee shall vote such Common Stock in accordance with the direction of the Participant. Fractional shares of Common Stock allocated to Participants' Accounts shall be combined to the largest number of whole shares and voted by the Trustee to the extent possible to reflect the voting direction of the Participants holding fractional shares. Subject to the terms of the immediately following sentence, the Trustee shall vote allocated shares of the Company's Common Stock for which it has not received valid direction proxies and any shares that have not been allocated to Participants' Accounts in accordance with the recommendation of the Company's board of directors on all of the matters.

5.4 Tendering of Stock. A Participant (or in the event of the Participant's death, the beneficiary) shall have the right to instruct the Trustee in writing as to the manner in which to respond to a tender or exchange offer in any and all shares of Common Stock credited to such Participant's Accounts. The Employer shall notify each Participant (or beneficiary) and utilize its best efforts to distribute or cause to be distributed in a timely fashion such information as will be distributed to shareholders of the Employer in connection with any such tender or exchange offer, together with a form requesting confidential instruction to the Trustee as to the manner in which to respond to the tender or exchange offer for any or all shares of Common Stock credited to such Participant's Accounts. Upon its receipt of such instructions, the Trustee shall tender such shares of such Common Stock as and to the extent so instructed. If the Trustee does not receive instructions from a Participant (or beneficiary) regarding any such tender or exchange offer for Common Stock, the Trustee shall have no discretion in such matter and shall take no action with respect thereto.

5.5 Dividend Election. Effective as of May 25, 2006, each Participant (or, where applicable, a Participant's beneficiary or an alternate payee) will have the right to elect to receive a cash payment of the dividends, if any, paid on all shares (vested or unvested) of Common Stock in the Participant's ESOP Account or to reinvest such vested dividends in Common Stock in the Participant's ESOP Account. Participants shall be fully vested in all dividends, if any, paid on the

shares of Common Stock held in the Participant's ESOP Account. If a Participant (or the Participant's beneficiary or an alternate payee) does not make an affirmative election under this Section 5.5, the Participant will be deemed to have elected to reinvest vested dividends in the ESOP Account. The Committee will establish rules and procedures for the election, including the procedures for determining the number of shares of Common Stock in each Participant's ESOP Account on the record date of the dividend. Reinvested dividends will be paid to the Plan and credited to the Participant's ESOP Account. If a Participant elects to receive dividends in cash, such dividends shall be paid to the Participant by the Plan and shall not constitute Eligible Rollover Distributions under Section 4.7. Partial elections (i.e., electing to receive part of a dividend in cash and to reinvest part) shall not be permitted.

ARTICLE VI

PLAN ADMINISTRATION; CLAIMS FOR BENEFITS

6.1 Named Fiduciaries. The Plan shall be administered by the Committee, which shall consist of the Chief Financial Officer of the Company and four to ten other individuals appointed by the Chief Executive Officer of the Company who are employed by the Company.

The Committee shall be the "plan administrator" under Section 3(16)(A) of ERISA and shall have all of the powers, rights, and duties necessary or advisable in order to fully perform the applicable responsibilities imposed by ERISA upon plan administrators, including the authority to delegate or allocate any of those powers in writing in a prudent and reasonable manner consistent with ERISA. The Committee shall be a "named fiduciary" under ERISA. The Company agrees to maintain adequate fiduciary liability insurance with respect to the Committee and any member or delegate thereof by reason of any act or failure to act on behalf of the Plan or Participants in carrying out the fiduciary obligations.

6.2 Administrative Powers and Duties. In administering the Plan, the Committee shall have such duties and powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following:

(a) To construe and interpret the provisions of the Plan and make factual determinations thereunder, including the discretionary power to determine the rights or eligibility of Employees, Participants and any other persons, as well as the amounts of their benefits under the Plan, and to remedy ambiguities, inconsistencies, or omissions, with such determinations to be binding on all parties;

(b) To prescribe procedures to be followed for the proper and efficient administration of the Plan;

(c) To prepare and distribute information explaining the Plan;

(d) To receive from the Employer and from all Participants such information as shall be necessary for the proper administration of the Plan;

(e) To prepare such reports with respect to the administration of the Plan as are reasonable and appropriate, including the power and authority to cause to be prepared, to execute,

and to deliver any governmental filings related to the Plan including, without limitation, annual reports (Form 5500 series) and Internal Revenue Service determination letter filings;

(f) To furnish each Participant a statement showing the status of that Participant's Accounts;

(g) To appoint or employ individuals to assist in the administration of the Plan, including the power and authority to establish one or more committees to handle Participant claims under the Plan and to appoint or remove, for any reason, members of any such committee;

(h) To monitor the Plan to meet the applicable nondiscrimination rules of the Code;

(i) To keep such accounts and records as the Committee may deem necessary or proper in the performance of its duties under the Plan; and

(j) As described in Article IX, to extend the Plan to Affiliates.

6.3 Claims Procedures. As required under Section 2560.503-1(b)(2) of the Department of Labor Regulations, the claims procedures are set forth in the Plan's Summary Plan Description, which claims procedures are incorporated by reference into the Plan. A Participant or a beneficiary, or the authorized representative of either (the "claimant"), may not bring an action under ERISA Section 502(a) or otherwise with respect to his or her claim until he or she has exhausted the claims procedures. Any such action must be filed in a court of competent jurisdiction within 12 months after the date on which the claimant receives the Committee's written denial of the claimant's claim on appeal or, if earlier, 12 months after the date of the alleged facts or conduct giving rise to the claim (including, without limitation, the date the claimant alleges he or she became entitled to Plan benefits requested in the suit or legal action), or it shall be forever barred. Any further review, judicial or otherwise, of the Committee's decision on the claimant's claim shall be limited to whether, in the particular instance, the Committee abused its discretion. In no event shall such further review, judicial or otherwise, be on a de novo basis, as the Committee has discretionary authority to determine eligibility and benefits and to construe and interpret the terms of the Plan.

6.4 Applications and Forms. Any action permitted or required to be taken by a Participant or a Participant's beneficiary shall be made pursuant to one of the following methods: (a) by filing a written election, (b) by telephone through a telephone system established by the Committee for this

purpose, or (c) by any other method designated by the Committee. A Participant or a Participant's beneficiary shall furnish all pertinent information requested by the Committee.

6.5 Facility of Distribution and Payment. Whenever, in the Committee's opinion, a person entitled to receive any distribution or payment under the Plan is under a legal disability or is so incapacitated as to be unable to manage financial affairs, the Committee may make a distribution or payment to such person or the person's legal representative or to a relative of such person in such manner as the Committee considers appropriate. Any distribution or payment of a benefit in accordance with the provisions of this Section 6.5 shall be a complete discharge of any liability for the making of such distribution or payment under the provisions of the Plan.

6.6 Beneficiary Designations. A Participant shall designate a beneficiary or multiple or contingent beneficiaries to whom distribution of the Participant's interest in the Plan shall be made in the event of the Participant's death prior to the full receipt thereof; provided, however, that in the event that the Participant is married on the date of death, such beneficiary shall be deemed to be the Participant's surviving Spouse. The Participant may elect to change or revoke a designated beneficiary at any time; provided, however, that in the event that the beneficiary is the Participant's surviving Spouse, such election shall not be effective unless such surviving Spouse provides written consent that acknowledges the effect of such election and is witnessed by a Plan representative or a notary public. The affirmative designation of any beneficiary and any elected change or revocation thereof by a Participant shall be made on forms provided by the Committee and shall not in any event be effective unless and until filed with the Committee. If no designated or deemed beneficiary survives the Participant or former Participant, or if any unmarried Participant or former Participant fails to designate a beneficiary under the Plan, the amount payable upon the death of the Participant or former Participant shall be paid to the Participant's estate.

6.7 Form and Method of Designation. The affirmative designation of any beneficiary and any elected change or revocation thereof by a Participant shall be made on forms provided by the Committee and shall, not in any event, be effective unless and until filed with the Committee. The Committee and all other parties involved in making payment to a beneficiary may rely on the latest beneficiary designation on file with the Committee at the time of payment or may make payment pursuant to

Section 6.6 if an effective designation is not on file, shall be fully protected in doing so, and shall have no liability whatsoever to any person making claim for such payment under a subsequently filed designation of beneficiary or from any other reason.

6.8 Administrative Expenses. Unless paid by the Company and except as otherwise provided below, all reasonable costs, charges, and expenses incurred in the administration of the Plan, including expenses incurred by the Committee, compensation to the Trustee, compensation to an investment manager, and any compensation to agents, attorneys, actuaries, accountants, recordkeepers, and other persons performing services on behalf of this Plan or for the Committee will be paid from the Trust Fund in such portions as the Committee may direct. As directed by the Committee, expenses to be paid from the Trust Fund may be drawn from (a) Participants' Accounts, in the form of a flat fee, charges for specific services, or a percentage of the value of each Account, (b) earnings or gains in each Investment Fund or (c) forfeitures under Section 4.2. Expenses directly related to the investment of a particular Investment Fund (such as brokerage, postage, express and insurance charges, and transfer taxes) shall be paid from that Investment Fund. The Company, in its discretion, may decide to pay the expenses incurred in operating and administering the Plan for certain Participating Affiliates or certain Participants.

ARTICLE VII

TRUST FUND

7.1 Trust Agreement. All assets of the Plan shall be held under the Trust Agreement between the Company and the Trustee designated by the Company, which shall serve at the pleasure thereof. The Trust Agreement shall provide, among other things, for a Trust Fund to be administered by the Trustee to which all contributions shall be paid, and the Trustee shall have such rights, powers, and duties as the Company shall from time to time determine. All assets of the Trust Fund shall be held, invested, and reinvested in accordance with the provisions of the Trust Agreement.

7.2 Reversion. At no time, prior to the satisfaction of all liabilities with respect to Participants and their beneficiaries, shall any part of the assets of the Plan be used for or diverted to purposes other than for the exclusive benefit of such persons; provided, however, Employer contributions may be returned to the Employer (a) if made by the Employer by a mistake of fact, within one year after the payment of the contribution, or (b) if a contribution is conditioned upon the deductibility of such contribution under Code Section 404, then to the extent the deduction is disallowed, within one year of the disallowance of the deduction. The amount of any contribution that may be returned to the Employer must be reduced by any portion thereof previously distributed from the Trust Fund and by any losses of the Trust Fund allocable thereto, and in no event may the return of such contribution cause any Participant's Account balances to be less than the amount of such balances had the contribution not been made under the Plan.

ARTICLE VIII

AMENDMENT AND TERMINATION

8.1 Amendments. The Company reserves the right to make, from time to time, any amendments to the Plan that do not cause any part of the Accounts to be used for or diverted to any purpose other than the exclusive benefit of Participants or their beneficiaries and that do not operate retroactively so as to adversely affect the rights of any Participant or beneficiary prior to such action. The Company has delegated to the Committee the authority to cause to be prepared, to approve, and to execute any amendments, including for the purpose of merging, consolidating, freezing, or completing the termination of the Plan or Trust; provided, however, approval of the board of directors of the Company is necessary for any amendment that would result in:

(a) The greater of a 5% or $500,000 increase in the cost of funding or administering the Plan, unless:

(i) the Committee reasonably believes that such amendment or action is necessary to bring the Plan into compliance with ERISA, or any other applicable law, or to maintain the Plan's qualification under, or compliance with, provisions of the Code, or

(ii) such amendment or action is necessary to implement the provisions of any collective bargaining or other agreement validly executed by any Employer;

(b) Disqualification, termination, or partial termination of the Plan or loss of tax-exempt status of the Trust;

(c) Violation of the terms and conditions of any collective bargaining agreement for the Plan subject to such agreement;

(d) The appointment or removal of the Trustee, investment manager, custodian, or other professional firm engaged by the Committee in connection with the investment or management of the Plan's assets;

(e) A change in the membership or structure, or a material change in the powers, duties, or responsibilities, of the Committee or a change in the indemnification of any fiduciary of the Plan (except that the Committee may amend the Plan to transfer to the Committee any or

all of the powers, rights, responsibilities, and duties described in Section 6.2 that are currently granted by the Plan to none of the Committee, the Company, or the Company's board of directors); or

(f) An increase in the duties or responsibilities of the Company's board of directors under the Plan.

No person has the authority to modify the terms of the Plan, except by means of authorized written amendments to the Plan. No verbal or written representations contrary to the terms of the Plan and its written amendments shall be binding upon the Employer or the Plan.

8.2 Right to Terminate. The Company expects to continue the Plan indefinitely, but the continuance of the Plan and the payment of contributions are not assumed as contractual obligations. If the Plan shall be terminated, the Trustee shall continue to hold, invest, and administer the Trust Fund in accordance with the provisions of the Trust Agreement and shall make distributions therefrom in accordance with the provisions of the Plan, as then in effect, pursuant to instructions filed with the Trustee by the Committee upon such termination or from time to time thereafter, subject to Section 8.4.

8.3 Action by the Company. Any action by the Company to amend or terminate the Plan may be taken by resolution of its board of directors or by any person or persons duly authorized by resolution of its board of directors to take such action.

8.4 Distribution of Accounts upon Plan Termination. The distribution of Participants' Accounts after termination of the Plan may, in the Company's discretion, be deferred until a reasonable time after the Company's receipt of a favorable Internal Revenue Service determination letter regarding the Plan's termination if the Company applies to the Internal Revenue Service for such letter.

ARTICLE IX

ADOPTION OF THE PLAN BY AFFILIATES

9.1 Adoption. In the event the Plan is adopted by appropriate action of an Affiliate that the Committee authorizes to adopt the Plan, the Committee may determine the effective date of the Plan as to any such Affiliate, and each such Affiliate shall thereupon be a Participating Affiliate and included within the term "Employer." The Committee may also determine the extent to which service of the employees of any such Affiliate prior to such effective date, including with a predecessor employer, shall be counted as credited service and may otherwise determine the terms and conditions upon which any such Affiliate may adopt the Plan.

9.2 Withdrawal. The Company may withdraw from the Plan at any time by action of its board of directors. Any Participating Affiliate may withdraw from the Plan by giving at least 30 days' written notice of its intention to withdraw to the Committee.

ARTICLE X

GENERAL

10.1 No Guarantee of Employment. Nothing contained in the Plan shall be construed as a contract of employment between the Employer and any Eligible Employee or Participant, as a right of any Eligible Employee or Participant to be continued in the employment of the Employer, or as a limitation of the right of the Employer to discharge any of its Employees.

10.2 Nonalienation of Benefits. Except to the extent otherwise provided by Code Section 401(a)(13)(C) or by the issuance of a qualified domestic relations order (within the meaning of Code Section 414(p)), benefits payable under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability that is for alimony or other payments for the support of a Spouse or former Spouse, or for any other relative of the Participant, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to benefits payable under the Plan, shall be void.

10.3 Missing Persons. If the Committee is unable to locate a Participant or beneficiary whose Account becomes distributable under the Plan or if the Plan has made a distribution, but the Participant or beneficiary for any reason does not cash the distribution check, such Account shall be administered according to the Plan's missing persons process as then in effect, which is made a part of the Plan and incorporated herein by reference.

10.4 Governing Law. Except as preempted by federal law, the provisions of the Plan will be construed in accordance with the laws of the State of North Dakota.

10.5 Merger or Consolidation of Plan. In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Plan to, another plan, the assets and liabilities of the Plan shall be transferred to the other plan only if each Participant would, if the Plan or the other plan then terminated, receive a benefit immediately after the merger, consolidation, or transfer that is equal to or greater than the benefit the Participant would have been entitled to receive if the Plan had been terminated immediately before the merger, consolidation, or transfer.

10.6 Distribution to Alternate Payees. Benefits may be distributed to an alternate payee on the earliest date specified in a qualified domestic relations order, without regard to whether such distribution is made or commences prior to the Participant's earliest retirement age (as defined in Code Section 414(p)(4)(B)) or the earliest date that the Participant could commence receiving benefits under the Plan.

10.7 Construction. Whenever any words are used herein in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be. The words "hereof," "herein," "hereunder," and other similar compounds containing the word "here" shall mean and refer to this entire document and not to any particular article or section. Headings are included for reading convenience. The text shall control if any ambiguity or inconsistency exists between the headings and the text. References to "Participant" shall include alternate payee or beneficiary when appropriate and even if not otherwise already expressly stated.

ARTICLE XI

TOP-HEAVY PROVISIONS

11.1 Top-Heavy Plan. The Plan shall be deemed "Top-Heavy" with respect to any Plan Year commencing on or after January 1, 1984 if, as of the last day of the preceding Plan Year (the "Determination Date"), the present value of the cumulative account balances for "Key Employees," as defined in Code Section 416(i), under the Plan and all other plans in the "Aggregation Group," as defined below, exceeds 60% of the present value, as of the Determination Date, of the cumulative account balances under all such plans for all employees of the Affiliates. For purposes of this Article XI, (a) the term "Aggregation Group" shall mean each plan of the Affiliates in which a Key Employee participates and each other plan of the Affiliates that enables such plan to meet the requirements of Code Section 401(a)(4) or 410; (b) the present value of such account balances shall be computed in accordance with Code Section 416(g); and (c) the above percentage ratio shall be determined as of the Determination Date by a fraction, the numerator of which is the sum of the present value of the account balances of Key Employees under the Plan and all other plans in the Aggregation Group and the denominator of which is the sum of the present value of the account balances under all such plans, including the Plan, for all employees of the Affiliates. The accrued benefits of a Participant who did not perform any services for an Employer during the one-year period ending on the Determination Date shall be disregarded.

11.2 Operative Provisions

(a) For any Plan Year with respect to which the Plan is deemed Top-Heavy, the Employer shall make a special Employer contribution on behalf of each Participant who is not a Key Employee with respect to such Plan Year in an amount that, when added to the matching contribution, if any, made under the Plan on behalf of such Participant for such Plan Year, equals 3% of the Participant's Section 415 compensation (as defined in Section 3.8). Any such special Employer contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Code Section 401(m). Notwithstanding the foregoing provisions of this Section 11.2, if a Participant in the Plan is

also a Participant in a defined benefit plan of the Employer, then for each Plan Year with respect to which the Plan is Top-Heavy, such Participant's accrual of a minimum benefit under such other defined benefit plan in accordance with Code Section 416(c)(1) shall be deemed to satisfy the special Employer contribution requirements of this Section 11.2 (a).

(b) In the event the Plan is deemed "Top-Heavy" pursuant to Section 11.1, each Participant shall have a nonforfeitable right to the Participant's entire Account balances, including those amounts attributable to the special Employer contributions under this Section 11.2.

ARTICLE XII

SPECIAL RULES FOR CERTAIN OFFICERS

Notwithstanding the provisions set forth herein, Section 16 Officers are subject to special limitations on their ability to effect certain transactions under the Plan, as follows: The Section 16 Officer may effect "Discretionary Transactions," as defined below, only in compliance with Rule 16b-3(f) of the Securities Exchange Act of 1934, as amended.

A "Discretionary Transaction" is a transaction pursuant to the Plan that (a) is at the volition of the Participant; (b) is not made in connection with the Participant's death, retirement, or termination of employment; (c) is not required to be made available to the Participant pursuant to a provision of the Code; and (d) results in either an intra-Plan transfer involving an issuer equity securities fund, or a cash distribution funded by a volitional disposition of an issuer equity security. A Discretionary Transaction shall be exempt from Section 16(b) of the Securities and Exchange Act of 1934, as amended, only if effected pursuant to an election made at least six months following the date of the most recent election, with respect to any plan of the Company that effected a Discretionary Transaction that was (i) an acquisition, if the transaction to be exempted would be a disposition; or (ii) a disposition, if the transaction to be exempted would be an acquisition.

EXECUTION

The Plan is amended and restated effective as of April 1, 2020 (or such earlier or later effective date as provided herein) and executed by a duly authorized individual on the date set forth below.

MDU RESOURCES GROUP, INC

Date: March 30, 2020 By: /s/ Jason L. Vollmer

Jason L. Vollmer, Chairman

Employee Benefits Committee

SCHEDULE A

MATCHING CONTRIBUTIONS

Each Employer identified in this Schedule A provides for matching contributions in lieu of the standard matching contributions provided in Section 3.4(a) to the extent described in this Schedule A. (For historical information regarding these matching contributions, see Schedule A to the Plan as in effect prior to April 1, 2020.)

A-1 Anchorage Sand & Gravel Company, Inc. The Employer shall not make matching contributions on behalf of its collective bargaining unit Employees effective August 16, 2012. (The Employer's non-bargaining unit Employees are eligible for the standard matching contributions.)

A-2 Allstate Fire Protection (Desert Fire Protection, LLC). The Employer shall not make matching contributions effective August 16, 2012.

A-3 Bombard Electric, LLC. The Employer shall make matching contributions equal to 50% of deferral contributions limited to 15% of Compensation each pay period effective August 1, 2005.

A-4 Cascade Natural Gas Corporation. The Employer shall make matching contributions equal to 25% of deferral contributions limited to 6% of Compensation each pay period on behalf of its collective bargaining unit Employees hired before January 1, 2007, effective July 2, 2007. (The Employer's non-bargaining unit Employees and bargaining unit Employees hired on or after January 1, 2007 are eligible for the standard matching contributions.)

A-5 Hawaiian Cement. The Employer shall make matching contributions equal to 100% of deferral contributions limited to 3% of Compensation each pay period on behalf of its collective bargaining unit Employees hired before July 1, 2010 and shall not make matching contributions on behalf of its collective bargaining unit Employees hired on or after such date, effective August 1, 2005. (The Employer's non-bargaining unit Employees are eligible for the standard matching contributions.)

A-6 Intermountain Gas Company. The Employer shall not make matching contributions on behalf of its collective bargaining unit Employees effective October 12, 2008. (The Employer's non-bargaining unit Employees are eligible for the standard matching contributions.)

A-7 JTL Group, Inc. Montana. The Employer shall not make matching contributions, except that it will make the standard matching contributions on behalf of its Employees hired or classified as salaried Employees after December 31, 2014, effective January 1, 2015.

A-8 JTL Group, Inc. Wyoming. The Employer shall not make matching contributions, except that it will make the standard matching contributions on behalf of Casper hourly Employees and all other Employees hired or classified as salaried Employees after December 31, 2014, effective January 1, 2015.

A-9 Knife River Corporation – South. The Employer shall make matching contributions equal to 100% of deferral contributions limited to 3% of Compensation each pay period, effective September 1, 2003.

A-10 LTM, Incorporated. The Employer shall not make matching contributions on behalf of its collective bargaining unit Employees effective April 1, 2000. (The Employer's non-bargaining unit Employees are eligible for the standard matching contributions.)

A-11 OEG, Inc. The Employer shall make matching contributions equal to 100% of deferral contributions limited to 2% of Compensation each pay period effective March 7, 2011, as amended May 24, 2018.

A-12 USI Industrial Services, Inc. The Employer shall not make matching contributions on behalf of its maintenance group Employees effective August 18, 2014. (The Employer's non-bargaining unit Employees are eligible for the standard matching contributions.)

A-13 WHC, Ltd. The Employer shall make matching contributions equal to 50% of deferral contributions limited to 6% of Compensation each pay period on behalf of its Employees hired on or after May 1, 2010. In addition, the Employer shall make matching contributions equal to 100% deferral contributions limited to 5% of Compensation each pay period on behalf of its Employees hired prior to May 1, 2010. This Section A-13 is effective September 1, 2001, as amended May 1, 2010.

SCHEDULE B

PROFIT SHARING CONTRIBUTIONS

B-1 Introduction. Pursuant to Section 3.5(a) of the Plan, certain Participating Affiliates hereby establish profit sharing features as described in this Schedule B and will hereafter be referred to individually as a "Schedule B Employer" and collectively as "Schedule B Employers." The profit sharing features shall be in addition to all other contributions provided pursuant to the Plan and shall be effective as of the date(s) provided below. The terms of this Schedule B supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between this Schedule B and such other provisions. (For historical information regarding these profit sharing features, see Supplement D-1 to the Plan as in effect prior to April 1, 2020.)

B-2 Eligibility. Participation in the profit sharing features for any Plan Year is limited to Employees of the Schedule B Employers who satisfy the Plan's definition of Eligible Employee (unless otherwise specified below). The current and original effective dates for each Schedule B Employer's respective profit sharing feature are listed below.

Schedule B Employer	Current Effective Date (Original Effective Date)[2]
Anchorage Sand & Gravel Company, Inc. (non-union Employees)	January 1, 1999
Baldwin Contracting Company, Inc.	January 1, 1999
Capital Electric Line Builders, Inc.[7]	January 1, 2014
Cascade Natural Gas Corporation[1]	January 1, 2017 (July 2, 2007)
Concrete, Inc.	January 1, 2001
Connolly-Pacific Co.	January 1, 2007
DSS Company	January 1, 2004 (July 8, 1999)
Ellis & Eastern Company	January 1, 2019
E.S.I., Inc.	January 1, 2008 (January 1, 2003)
Fairbanks Materials, Inc.	May 1, 2008
Granite City Ready Mix, Inc.	June 1, 2002
Great Plains Natural Gas Co.[1]	January 1, 2017 (January 1, 2008)
Hawaiian Cement (non-union Employees hired after December 31, 2005)	January 1, 2009
Intermountain Gas Company[1]	January 1, 2017 (January 1, 2011)
JTL Group, Inc.[5/6]	January 1, 2015 (January 1, 2014)
Jebro Incorporated	November 1, 2005
Kent's Oil Service[4]	January 1, 2007
Knife River – North Dakota Division, a Division of Knife River Corporation – North Central	January 1, 2016 (January 1, 2007)
Knife River Corporation – Mountain West	May 1, 2018 (January 1, 2015)
Knife River Corporation – North Central	January 1, 2016 (January 1, 2007)

Schedule B Employer	Current Effective Date (Original Effective Date)[2]
Knife River Corporation – Northwest	January 1, 2019 January 1, 2012
Knife River Corporation - South	January 1, 2008 (January 1, 2007)
Knife River Midwest, LLC	January 1, 2016 (April 1, 2004)
LTM, Incorporated	January 1, 2003
MDU Resources Group, Inc.[1]	January 1, 2017
Montana-Dakota Utilities Co. (non-union employees)[1]	January 1, 2017 (January 1, 2008)
Montana-Dakota Utilities Co. (union employees)	January 1, 2008
Northstar Materials, Inc.	January 1, 2016 (January 1, 2003)
OEG, Inc.[3]	March 7, 2011
Rail to Road, Inc.	January 1, 2019
Sweetman Const. Co. (including subsidiaries)	January 1, 2019
Wagner Smith Equipment Co.	January 1, 2008 (July 1, 2000)
WBI Energy, Inc.[1]	January 1, 2017 (May 1, 2012)
WBI Energy Midstream, LLC[1]	January 1, 2017 (January 1, 2001)
WBI Energy Transmission, Inc.[1]	January 1, 2017 (January 1, 2009)
WHC, Ltd.	September 1, 2001

[1]Eligible Employees include only those in salary grade levels 29-38.

[2]In the event an Employer adopts a profit sharing feature on a date other than January 1, effective as of the date of participation in the Plan, the amount of any such contribution allocated to a Schedule B Participant shall be based on Compensation received while in the employ of the Employer after the date of acquisition by an Affiliate.

[3]Requirement to be an active Employee on the last day of the Plan Year does not apply.

[4]The following Employee of Kent's Oil Service is granted vesting service for prior years of service with Spirit Road Oils: XXXX XXXXXXX.

[5]Eligible JTL Casper hourly Employees (both union and nonunion), including Employees who participate in the Operating Engineers Local No. 800 & The Wyoming Contractors' Association, Inc. Pension Trust Fund for Wyoming (JTL MEP Employees).

[6]Eligible salaried Employees of JTL hired after December 31, 2014 or any other JTL Employee who transfers to a salaried position after December 31, 2014.

[7]Eligible Employees participating in a management incentive compensation plan are not eligible for a profit sharing contribution.

To share in the allocation of any profit sharing contribution made by a Schedule B Employer for a Plan Year, Participants employed by a Schedule B Employer must be credited with 1,000 Hours of Service (prorated for the Plan Year in which the profit sharing feature becomes effective) in that Plan Year, must be an active Employee of the Schedule B Employer on the last day of the Plan Year, and must not be covered by a collectively bargained unit to which the profit sharing feature has not been extended.

However, an Eligible Employee of any Knife River Corporation Participating Affiliate who transfers employment during the Plan Year and remains employed by a Knife River Corporation Participating Affiliate on the last day of the Plan Year will be eligible to receive a prorated profit sharing contribution from each Knife River Corporation Participating Affiliate.

Effective January 1, 2017, MDU Resources Group, Inc., Montana-Dakota Utilities Co., Intermountain Gas Company, Cascade Natural Gas Corporation, Great Plains Natural Gas Co., WBI Energy, Inc., WBI Energy Midstream, LLC, and WBI Energy Transmission, Inc. (each a "Regulated Group Employer") will provide a profit sharing contribution to Eligible Employees who are classified in salary grade levels 29-38, or a prorated profit sharing contribution to Eligible Employees who transfer in or out of salary grade levels 29-38, provided the profitability target is met and they remain employed by a Regulated Group Employer as of the last day of the Plan Year. Profit Sharing contributions for Eligible Employees of MDU Resources Group, Inc. will be based on an independent earnings per share target. Profit sharing contributions for Eligible Employees of WBI Energy, Inc., WBI Energy Midstream, LLC, and WBI Energy Transmission, Inc. will be based on a combined profitability target. Employees of the WBI Energy Corrosion Services division of WBI Energy Midstream, LLC are not eligible to receive profit sharing contributions. Profit Sharing contributions for Eligible Employees of Montana Dakota Utilities Co., Great Plains Natural Gas Co., Intermountain Gas Company and Cascade Natural Gas Corporation will be based on such Employers' combined profitability targets.

For purposes of this Schedule B, "active Employee" means an Employee who is still on the payroll, has been temporarily laid off, or who terminated employment due to Disability, death, or after attaining Normal Retirement Age during the Plan Year, but does not mean an Employee whose employment has been terminated effective on or before December 31 of the Plan Year. In addition, for purposes of applying the requirement of completing 1,000 Hours of Service for the Plan Year, such requirement shall not apply to Employees terminating after attaining Normal Retirement Age, provided they are not terminated for cause.

Participants who meet the preceding requirements are referred to herein as "Schedule B Participants."

B-3 Amount and Allocation. For each Plan Year, the governing body of each Schedule B Employer, in its discretion, shall determine the amount (if any) of profit sharing contributions to be made to the Plan based upon its own profitability. The amount of any such contribution for a Plan Year by any Schedule B Employer shall be allocated to its Schedule B Participants based upon those Participants' Compensation, excluding bonuses, received while employed by that Schedule B Employer for that Plan Year.

Compensation for the first effective Plan Year of each Schedule B Employer shall include Compensation paid to the Schedule B Participant by the Schedule B Employer on and after such Employer's effective date shown above.

B-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule B Participants shall be vested in their Profit Sharing Accounts upon completing three Years of Vesting Service. For this purpose, A "Year of Vesting Service" means a Plan Year in which the Schedule B Participant is credited with at least 1,000 Hours of Service. Service with a Schedule B Employer and Affiliates shall be recognized for purposes of this Section B-4, including, but not limited to, service that occurred prior to the effective date of this Schedule B, applying these rules as if the Schedule B Employer (and its affiliates at that time) were Affiliates under the Plan. Schedule B Participants who were employed with Ideal Builders, Inc. on the date of acquisition on August 29, 2008 by Knife River Corporation – Northwest (the Southern Idaho Division) will have prior years of service recognized for Years of Vesting Service. Notwithstanding the foregoing, a Schedule B Participant shall be fully vested in his or her Profit Sharing Account upon death, Disability, or attainment of Normal Retirement Age.

SCHEDULE C.1

RETIREMENT CONTRIBUTIONS—

CERTAIN PARTICIPATING AFFILIATES

C.1-1 Introduction. Participating Affiliates identified in Section C.1-2 (each a "Schedule C.1 Employer" and collectively "Schedule C.1 Employers") hereby establish retirement contribution features as described in this Schedule C.1. The retirement contribution features shall be in addition to all other contributions provided pursuant to the Plan. (For historical information regarding these retirement contribution features, see Supplement D-2 to the Plan as in effect prior to April 1, 2020.)

C.1-2 Eligibility. Participation in the retirement contributions for any Plan Year is limited to Eligible Employees of this Schedule C.1 Employers. The current and original effective dates for each Schedule C.1 Employer's retirement contribution feature are listed in the following table.

Schedule C.1 Employer	Current Effective Date (Original Effective Date)	Retirement Contribution Amount as a Percentage of Compensation
Cascade Natural Gas Corporation (non-bargaining)	January 1, 2011 (July 2, 2007)	5%
Cascade Natural Gas Corporation (Field Operations Bargaining Unit employees hired on or after 1/1/2007)	May 1, 2015 (July 2, 2007)	5%
Great Plains Natural Gas Co.	January 1, 2003	5%
Intermountain Gas Company (non-bargaining)	January 1, 2011 (October 12, 2008)	5%
OEG, Inc.	May 24, 2018 (March 7, 2011)	6%
Rocky Mountain Contractors, Inc. (non-bargaining)	January 1, 2005	5%
WBI Energy Midstream, LLC[1]	July 1, 2012 (January 1, 2001)	5%

[1]The following Employee of WBI Energy Midstream, LLC is excluded: XXXXX XXXXXXXX due to participation in the appropriate pension plan replacement contribution.

To share in the allocation of any retirement contribution made by a Schedule C.1 Employer for a Plan Year, Eligible Employees described above must be credited with at least 1,000 Hours of Service (prorated for the Plan Year in which the retirement contribution feature becomes effective) in the Plan Year and must not be covered by a collectively bargained unit to which the retirement contribution feature has not been extended. However, if the Participant's failure to be credited with 1,000 Hours of Service in that Plan Year is due to the Participant's (i) Disability, (ii) death, or (iii) termination of employment on or after attaining Normal Retirement Age during such Plan Year (provided that the Participant is not terminated for cause), such Participant shall nevertheless be entitled to share in the allocation of the retirement contributions for such Plan Year. A Participant who is not a Highly Compensated Employee who has met the above eligibility requirements as of June 30 each Plan Year shall receive a pro rata allocation mid-year based on Compensation paid through June 30. The final annual allocation shall be reduced by any such mid-year allocation. Participants who meet the requirements of this Section C.1-2 are referred to herein as "Schedule C.1 Participants."

C.1-3 Amount and Allocation. For each Plan Year, each Schedule C.1 Employer shall make retirement contributions on behalf of its Schedule C.1 Participants in an amount equal to the applicable percentage of Compensation (excluding bonuses) listed in the table in Section C.1-2. Compensation for the Plan Year in which the retirement contribution feature becomes effective for

a Schedule C.1 Employer shall include Compensation paid to a Schedule C.1 Participant during the Plan Year on and after such effective date.

C.1-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.1 Participants shall be vested in their Retirement Contribution Accounts upon completing three Years of Vesting Service. For this purpose, a “Year of Vesting Service” means a Plan Year in which the Schedule C.1 Participant is credited with at least 1,000 Hours of Service. Service with a Schedule C.1 Employer and Affiliates shall be recognized for purposes of this Section C.1-4, including, but not limited to, service that occurred prior to the effective date of this Schedule C.1, applying these rules as if the Schedule C.1 Employer (and its affiliates at that time) were Affiliates under the Plan. Notwithstanding the foregoing, a Schedule C.1 Participant shall be fully vested in his or her Retirement Contribution Account upon death, Disability, or attaining Normal Retirement Age.

SCHEDULE C.2

RETIREMENT CONTRIBUTIONS—

MDU RESOURCES GROUP, INC. AND CERTAIN PARTICIPATING AFFILIATES

C.2-1 Introduction. Effective January 1, 2006, Participating Affiliates identified in Section C.2-2 (each a "Schedule C.2 Employer" and collectively "Schedule C.2 Employers") hereby establish a retirement contribution feature as described in this Schedule C.2. The retirement contribution feature shall be in addition to all other contributions provided pursuant to the Plan. (For historical information regarding this retirement contribution feature, see Supplement D-6 to the Plan as in effect prior to April 1, 2020.)

C.2-2 Eligibility. Participation in the retirement contribution for any Plan Year is limited to Eligible Employees hired after December 31, 2005 by the following Participating Affiliates:

Knife River Corporation
MDU Construction Services Group, Inc.
MDU Resources Group, Inc.
Montana- Dakota Utilities Co.
WBI Energy, Inc.
WBI Energy Transmission, Inc.

Unless specifically bargained for, Employees covered by a collective bargaining agreement shall not be eligible to participate in the retirement contribution feature. Notwithstanding the foregoing, (i) WBI Energy Transmission, Inc. Employees covered by a collective bargaining agreement shall be eligible to participate in this retirement contribution feature effective January 1, 2006, (ii) Montana-Dakota Utilities Co. Employees covered by a collective bargaining agreement shall be eligible to participate in this retirement contribution feature effective July 1, 2007, and (iii) notwithstanding any provision of the Plan to the contrary, the following individuals shall be eligible to participate in this retirement contribution feature upon commencing participation in the Plan: XXXXXXX X XXXXXXX and XXXXXX X XXXXX.

To share in the allocation of any retirement contribution made by a Schedule C.2 Employer for a Plan Year, Eligible Employees described above must be credited with at least 1,000 Hours of Service in that Plan Year; provided, however, that if the Participant's failure to be credited with 1,000 Hours of Service in that Plan Year is due to the Participant's (i) Disability, (ii) death, or (iii) termination of employment on or after attaining Normal Retirement Age during such Plan Year (provided the Participant is not terminated for cause), such Participant shall nevertheless be entitled to share in the allocation of the retirement contribution for such Plan Year. Any Participant who is not a Highly Compensated Employee who has met the eligibility requirements above as of June 30 each Plan Year shall receive a pro rata allocation mid-year based on Compensation paid through June 30. The final annual allocation shall be reduced by any such mid-year allocation. Participants who meet the requirements of this Section C.2-2 are referred to herein as "Schedule C.2 Participants.

C.2-3 Amount and Allocation. For each Plan Year, each Schedule C.2 Employer will make a retirement contribution equal to 5% of Compensation for each Eligible Employee. The amount of any such retirement contribution for a Plan Year shall be allocated to Schedule C.2 Participants based on their Compensation, excluding bonuses received while employed by the Schedule C.2 Employers.

C.2-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.2 Participants shall be vested in their Retirement Contribution Accounts upon completing three years of Vesting Service. For this purpose, a "Year of Vesting Service" means a Plan Year in which the Schedule C.2 Participant is credited with at least 1,000 Hours of Service. Service with a Schedule C.2 Employer and Affiliates shall be recognized for purposes of this Section C.2-4, including, but not

limited to, service that occurred prior to the effective date of this Schedule C.2, applying these rules as if the Schedule C.2 Employer (and its affiliates at that time) were Affiliates under the Plan. Notwithstanding the foregoing, a Schedule C.2 Participant shall be fully vested in his or her Retirement Contribution Account upon death, Disability, or attaining Normal Retirement Age.

SCHEDULE C.3

RETIREMENT CONTRIBUTIONS—

CERTAIN PENSION PLAN PARTICIPANTS

C.3-1 Introduction. Effective January 1, 2010, Participating Affiliates that employ the individuals described in Section C.3-2 (each a "Schedule C.3 Employer" and collectively "Schedule C.3 Employers") hereby establish a retirement contribution feature as described in this Schedule C.3. The retirement contribution feature shall be in addition to all other contributions provided pursuant to the Plan. (For historical information regarding this retirement contribution feature, see Supplement D-6A to the Plan as in effect prior to April 1, 2020.)

C.3-2 Eligibility. Participation in the retirement contribution for a Plan Year is limited to individuals who were active Participants in one of the following plans as of December 31, 2009:

MDU Resources Group, Inc. Pension Plan for Non-Bargaining Unit Employees
Knife River Corporation Salaried Employees' Pension Plan
Williston Basin Interstate Pipeline Company Pension Plan

Notwithstanding the foregoing, active participants in the MDU Resources Group, Inc. Pension Plan for Collective Bargaining Unit Employees as of June 30, 2011, shall be eligible to participate in this retirement contribution feature effective July 1, 2011. Furthermore, active participants in the Retirement Plan for Employees of Cascade Natural Gas Corporation, who are covered by a collective bargaining agreement that provides for participation in such plan as of September 30, 2012, shall be eligible to participate in this retirement contribution feature effective January 1, 2013.

To share in the allocation of any retirement contribution made by a Schedule C.3 Employer for a Plan Year, Eligible Employees described above must be credited with at least 1,000 Hours of Service in the Plan Year; provided, however, that if the Participant's failure to be credited with 1,000 Hours of Service in the Plan Year is due to the Participant's (i) Disability, (ii) death, or (iii) termination of employment on or after attaining Normal Retirement Age during the Plan Year (provided the Participant is not terminated for cause), such Participant shall nevertheless be entitled to a retirement contribution for such Plan Year. Any Participant who is not a Highly Compensated Employee who has met the above eligibility requirements as of June 30 each Plan Year shall receive a pro rata allocation mid-year based on compensation paid through June 30. The final annual allocation shall be reduced by any such mid-year allocation. Participants who meet the requirements of this Section C.3-2are referred to herein as "Schedule C.3 Participants."

C.3-3 Amount and Allocation. For each Plan Year, Schedule C.3 Participants eligible to participate in this feature on January 1, 2010, will be credited with the following retirement contribution based on their age as of December 31, 2009; Schedule C.3 Participants eligible to participate in this feature on July 1, 2011, will be credited with the following contribution based on their age as of June 30, 2011; and Schedule C.3 Participants eligible to participate in this feature on January 1, 2013, will be credited with the following contribution based upon their age as of December 31, 2012. The retirement contribution is also based on such a Participant's Compensation, excluding bonuses for the Plan Year, paid on and after the initial effective date of the provision.

Age as of December 31, 2009, June 30, 2011, or December 31, 2012	Retirement Contribution Percentage
Less than 30	5.0%
30 but less than 35	7.0%
35 but less than 40	9.0%
40 but less than 45	10.5%
45 and over	11.5%

Notwithstanding the foregoing, if the retirement contribution percentage above for Participants who are Highly Compensated Employees is more than the amount permitted under Code Section 415, the Participant's retirement contributions shall be reduced to the extent necessary to comply with Code Section 415. The retirement contribution percentage above may also be reduced for Participants who are Highly Compensated Employees, as necessary, to pass nondiscrimination testing.

C.3-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.3 Participants shall be vested in their Retirement Contribution Accounts upon completing three years of Vesting Service. For this purpose, a "Year of Vesting Service" means a Plan Year in which the Schedule C.3 Participant is credited with at least 1,000 Hours of Service. Service with a Schedule C.3 Employer and Affiliates shall be recognized for purposes of this Section C.3-4, including, but not limited to, service that occurred prior to the effective date of this Schedule C.3, applying these rules as if the Schedule C.3 Employer (and its affiliates at that time) were Affiliates under the Plan. Notwithstanding the foregoing, a Schedule C.3 Participant shall be fully vested in his or her Retirement Contribution Account upon death, Disability, or attaining Normal Retirement Age.

SCHEDULE C.4

RETIREMENT CONTRIBUTIONS—

JTL GROUP, INC.

C.4-1 Introduction. Effective January 1, 2005, JTL Group, Inc. ("JTL"), a Participating Affiliate, hereby established the retirement contribution feature as described in this Schedule C.4. The retirement contribution feature shall be in addition to all other contributions provided by JTL pursuant to the Plan. (For historical information regarding this retirement contribution feature, see Supplement D-7 to the Plan as in effect prior to April 1, 2020.)

C.4-2 Eligibility. To share in the allocation of any retirement contribution made by JTL for a Plan Year, a Participant must be an Eligible Employee of JTL. Unless specifically bargained for, Employees covered by a collective bargaining agreement shall not be eligible to share in this retirement contribution feature. Participants who meet the preceding requirements are referred to herein as "Schedule C.4 Participants."

C.4-3 Amount and Allocation. For each Plan Year, JTL shall provide hourly Schedule C.4 Participants $1.55 (effective April 1, 2014) per Hour of Service as a retirement contribution. The amount of any such retirement contribution for a Plan Year will be allocated to such Participants for each Hour of Service for which the Participant receives Compensation, excluding Hours of Service pursuant to a prevailing wage agreement. In addition, JTL will credit salaried Schedule C.4 Participants with a retirement contribution equal to 8% of Compensation. Such salaried Participants must have been hired and classified as a salaried Employee prior to January 1, 2015 to receive a retirement contribution allocation. The amount of any such retirement contribution for a Plan Year shall be allocated to such salaried Participants based on their Compensation, excluding bonuses received while employed by JTL.

C.4-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.4 Participants shall be vested in their Retirement Contribution Accounts upon completing three years of Vesting Service; provided, however that Schedule C.4 Participants who were employed by Star Aggregates, Inc. on August 31, 2007, shall be fully vested. For this purpose, a "Year of Vesting Service" means a Plan Year in which the Schedule C.4 Participant is credited with at least 1,000 Hours of Service. Service with JTL and Affiliates shall be recognized for purposes of this Section C.4-4, including, but not limited to, service that occurred prior to the effective date of this Schedule C.4, applying these rules as if JTL (and its affiliates at that time) were Affiliates under the Plan. Notwithstanding the foregoing, a Schedule C.4 Participant shall be fully vested in his or her Retirement Contribution Account upon death, Disability, or attaining Normal Retirement Age.

SCHEDULE C.5

RETIREMENT CONTRIBUTIONS—

HAWAIIAN CEMENT, MAUI CONCRETE AND AGGREGATE DIVISION

C.5-1 Introduction. Effective July 1, 2015, Hawaiian Cement ("HC"), a Participating Affiliate, hereby establishes the retirement contribution feature as described in this Schedule C.5. This retirement contribution shall be in addition to all other contributions provided by HC pursuant to the Plan. (For historical information regarding this retirement contribution feature, see Supplement D-9 to the Plan as in effect prior to April 1, 2020.)

C.5-2 Eligibility. To share in the allocation of any retirement contribution made by HC for a Plan Year, a Participant must be an Eligible Employee of HC who was an active participant in the Pension Plan for Bargaining Unit Employees of Hawaiian Cement, Maui Concrete and Aggregate Division as of June 30, 2015. Participants who meet the preceding requirements are referred to herein as "Schedule C.5 Participants."

C.5-3 Amount and Allocation. For each Plan Year, Schedule C.5 Participants will be credited with the retirement contributions below for each Hour Worked. For this purpose, "Hour Worked" shall mean all hours where the Employee is on HC property performing bargaining unit work, not to include vacation, sick leave, or other non-worked hours for which the Employee may receive Compensation from HC.

Date	Rate per Hour Worked
July 1, 2015 – April 15, 2016	$3.02
April 16, 2016 – April 15, 2017	$3.34
April 16, 2017 – April 15, 2018	$3.67
April 16, 2018 – April 15, 2019	$4.02
April 16, 2019 – April 15, 2020	$4.34

C.5-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.5 Participants shall be vested in their Retirement Contribution Accounts upon completing three years of Vesting Service. For this purpose, a "Year of Vesting Service" means a Plan Year in which the Schedule C.5 Participant is credited with at least 1,000 Hours of Service. Service with HC and Affiliates shall be recognized for purposes of this Section C.5-4, including, but not limited to, service that occurred prior to the effective date of this Schedule C.5, applying these rules as if HC (and its affiliates at that time) were Affiliates under the Plan. Notwithstanding the foregoing, a Schedule C.5 Participant shall be fully vested in his or her Retirement Contribution Account upon death, Disability, or attaining Normal Retirement Age.

SCHEDULE C.6

RETIREMENT CONTRIBUTIONS —

SWEETMAN CONST. CO. AND RAIL TO ROAD, INC.

C.6-1 Introduction. Effective October 4, 2018, Sweetman Const. Co. ("SCC") and Rail to Road, Inc. ("RTR"), each a Participating Affiliate, established a retirement contribution feature as described in this Schedule C.6. This retirement contribution feature shall be in effect from October 4, 2018 through December 31, 2018 and is in addition to all other contributions provided by SCC and RTR pursuant to the Plan. (For historical information regarding this retirement contribution feature, see Supplement D-10 to the Plan as in effect prior to April 1, 2020.)

C.6-2 Eligibility. To share in the allocation of any retirement contribution made by SCC or RTR for the dates provided in Section C.6-1, a Participant must be an Eligible Employee of either SCC, including its subsidiaries, or RTR. Participants who meet the preceding requirements are referred to herein as "Schedule C.6 Participants."

C.6-3 Amount and Allocation. SCC and RTR shall credit Schedule C.6 Participants with a retirement contribution equal to 3% of Compensation (which excludes Compensation prior to the effective date of this Schedule C.6).

C.6-4 Vesting. Notwithstanding anything in Section 4.2 to the contrary, Schedule C.6 Participants shall be fully vested in their Retirement Contribution Accounts.

SCHEDULE D

PREVAILING WAGE LAW REQUIREMENTS AND SUPPLEMENTAL CONTRIBUTIONS

D-1 Introduction. Effective January 1, 2003, the Plan covers certain Eligible Employees who perform services for an Employer under a public contract that is subject to the Davis-Bacon Act or similar prevailing state wage law (a "Davis-Bacon Employee"). The portion of a Davis-Bacon Employee's service with an Employer that is subject to the Davis-Bacon Act or similar prevailing state wage law (the "Prevailing Wage Law") is referred to in this Schedule D as "Davis-Bacon Service." The provisions of this Schedule D are intended to modify the terms of the Plan as applied to Davis-Bacon Employees and to allow the Plan to qualify as a bona fide fringe benefit plan in accordance with Title 29, Part 5 of the Code of Federal Regulations and the Department of Labor guidance issued thereunder. (For historical information regarding the Prevailing Wage Law requirements and supplemental contributions, see Supplement G and Schedule B to the Plan as in effect prior to April 1, 2020.)

D-2 Eligibility and Participation. A Davis-Bacon Employee who is employed on an occasional or temporary basis and who otherwise meets the definition of an Eligible Employee shall become a Participant upon the completion of one Hour of Service.

D-3 Prevailing Wage Compensation. While employed in Davis-Bacon Service, Compensation paid to a Davis-Bacon Employee and used in determining contributions under the Plan shall be the prevailing wage required by the Prevailing Wage Law.

D-4 Supplemental Contributions. An Employer, in its sole discretion, may make a supplemental contribution on behalf of any Davis-Bacon Employee, other than a Davis-Bacon Employee who is a Highly Compensated Employee, (a "supplemental contribution") (i) in such amount as may be necessary to satisfy the Prevailing Wage Law's required fringe cost to the extent that the sum of the matching contributions and profit sharing contributions for a period are insufficient to satisfy the Prevailing Wage Law's required fringe cost, or (ii) in such amount as may be necessary to satisfy the Prevailing Wage Law's required fringe cost without regard to any matching contributions and profit sharing contributions made on behalf of such Davis-Bacon Employee. Any supplemental contributions made on behalf of a Davis-Bacon Employee shall be credited to a "Davis-Bacon Supplemental Contribution Account" established for the Davis-Bacon Employee. Except as otherwise provided in this Schedule D, a Davis-Bacon Supplemental Contribution Account shall be treated as an "Account" for all purposes of the Plan and the amounts credited thereto shall be subject to the same restrictions as applicable to amounts credited to a Participant's Profit Sharing Account.

D-5 Depositing of Employer Contributions. Any Employer contribution made on behalf of a Davis-Bacon Employee under the Plan that is intended to satisfy the Prevailing Wage Law's required fringe cost, including, but not limited to, any matching contributions and any supplemental contributions, will be contributed to the Trust Fund not less frequently than quarterly.

D-6 Vesting. A Davis-Bacon Employee will, at all times, have a fully vested and nonforfeitable right to the value of his or her Matching Contribution Account and Davis-Bacon Supplemental Contribution Account.

D-7 Davis-Bacon Match Subaccount. The Committee shall maintain as part of each Davis-Bacon Employee's Matching Contribution Account a subaccount to reflect the matching contributions, if any, made on behalf of the Davis-Bacon Employee that are intended to satisfy the Prevailing Wage Law's required fringe cost.

D-8 Contribution Limitation. If the annual additions that would otherwise be allocated to a Davis-Bacon Employee's Accounts would exceed the limitations described in Section 3.8 of the Plan for any Plan Year, any portion of the excess amount that is attributable to contributions made on behalf of the

Davis-Bacon Employee with respect to Davis Bacon Service shall be corrected in accordance with Section 3.8 of the Plan.

D-9 Supplemental Contributions. Each Employer identified in this Section D-9 shall make supplemental contributions on behalf of its Davis-Bacon Employees as provided below.

Employer	Section D-4(i) Supplemental Contribution	Section D-4(ii) Supplemental Contribution	Effective
Concrete, Inc.	X		7/1/2016
JTL Group, Inc.		X	1/1/2005, as amended 1/1/2008 and 7/14/2014
Kent's Oil Service	X		9/1/2008
Knife River Corporation – Mountain West		X	5/1/2018
Knife River Corporation – North Central	X		1/1/2003, as amended 1/1/2008
Knife River Corporation – North Central (dba Knife River – North Dakota Division)	X		5/1/2010
Knife River Midwest, LLC	X		4/1/2017
Northstar Materials, Inc.	X		5/14/2010

SCHEDULE E

PLAN MERGERS

The plans identified in this Schedule E (each a "merged plan") merged with and into the Plan as of the merger dates provided below. Each plan merger and resulting transfer of assets were designed to comply with Code Sections 401(a)(12), 411(d)(6), and 414(l). This Schedule E sets forth the special provisions applicable to the affected Participants of the merged plans on or after the merger dates. (For historical information regarding the merged plans, see Supplements A, B, E, H, and H-1 through H-12, as applicable, to the Plan as in effect prior to April 1, 2020.)

E-1 Anchorage Sand and Gravel Company, Inc. Profit Sharing/401(k) Plan

(a) Merger Date: January 1, 1995.

(b) Affected Participants: Current and former Anchorage Sand and Gravel Company, Inc. Employees who participate in the Plan on or after the merger date.

(c) Participation: Each participant who had an account balance in the merged plan on December 31, 1994 became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be 100% vested in their Accounts at all times.

E-2 MDU Resources Group, Inc. Tax Deferred Compensation Savings Plan

(a) Merger Date: January 1, 1999.

(b) Participation: Each participant in the merged plan became a Participant in the Plan on the merger date.

E-3 LTM, Incorporated 401(k) Employee Savings Plan

(a) Merger Date: April 1, 2000.

(b) Affected Participants: Current and former LTM, Incorporated bargaining Employees who participate in the Plan on or after the merger date.

(c) Participation: Each participant who had an account balance in the merged plan on March 31, 2000 became a Participant in the Plan on the merger date.

(d) Vesting: On the merger date, the affected Participants became fully vested in their Accounts.

(e) Administrative Expenses: Expenses incurred in operating and administering the Plan on behalf of the affected Participants shall be paid from assets of the Plan attributable to such Participants.

E-4 Umpqua River Navigation Company Retirement Plan

(a) Merger Date: January 1, 2003.

(b) Affected Participants: Former Umpqua River Navigation Company Employees who participate in the Plan on the merger date. (As of April 1, 2020, there are no Participants employed by Umpqua River Navigation Company.)

(c) Participation: Each participant who had an account balance in the merged plan on December 31, 2002 became a Participant in the Plan on the merger date.

(d) Vesting: On the merger date, the affected Participants became fully vested in their Accounts.

(e) Distribution: For a Participant with a portion of his or her Account consisting of amounts transferred from the merged plan in connection with the plan merger, whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to April 1, 2003, distribution may be made in the form of an annuity subject to Code Section 401(a)(11).

E-5 Morse Bros., Inc. Employee's Profit-Sharing Plan and Trust

(a) Merger Date: September 1, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: Notwithstanding anything in Section 4.2 of the Plan to the contrary and except as otherwise provided with respect to Normal Retirement Age or Disability, an affected Participant who terminates employment on or after September 1, 2004, shall be vested in his or her Profit Sharing Account in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Less than 2 years	0%
2 years but less than 3 years	20%
3 years or more	100%

For this purpose, a "Year of Vesting Service" means a Plan Year in which the affected Participant is compensated for 1,000 or more Hours of Service. For this purpose, an affected Participant shall be credited with any years of vesting service credited under the merged plan.

(e) Distribution: For an affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to December 31, 2004, distribution may be made in the form of an annuity or installments, subject to Code Section 401(a)(11) and the terms of the merged plan as in effect on the merger date (the applicable terms of the merged plan being incorporated herein by this reference).

(f) Section 4.5 Withdrawals: An affected Participant who requests and is approved for a withdrawal pursuant to Section 4.5 of the Plan shall have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

(g) After-Tax Withdrawals: An affected Participant may withdraw, by written election to the Committee, but not more than once per Plan Year, all or any portion of any after-tax contributions transferred from the merged plan in connection with the plan merger.

E-6 Pouk & Steinle Retirement Savings Plan

(a) Merger Date: September 1, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participant shall be fully vested in their Accounts.

(e) Distribution: For an affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to December 31, 2004, distribution may be made in the form of an annuity, subject to Code Section 401(a)(11) and the terms of the merged plan as in effect as of the merger date (the applicable terms of the merged plan are incorporated herein by this reference) and Code Section 401(a)(11).

(f) Hardship Withdrawals: An affected Participant who requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan shall have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

E-7 Northwest AGC Chapters 401(k) Profit Sharing Plan, as Adopted by Oregon Electronic Construction, Inc.

(a) Merger Date: September 1, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be fully vested in their Accounts.

(e) Distribution: For an affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to December 31, 2004, distribution may be made in the form of an annuity or installments, subject to Code Section 401(a)(11) and the terms of the merged plan as in effect as of the merger date (the applicable terms of the merged plan are incorporated herein by this reference).

(f) Hardship Withdrawals: An affected Participant who requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan shall have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

E-8 Savings Plan for Salaried Employees of Hawaiian Cement

(a) Merger Date: October 1, 2004.

(b) Affected Participants: Participants who had their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be fully vested in their Accounts.

(e) Hardship Withdrawals: An affected Participant who requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan shall have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

E-9 Loy Clark Pipeline Company 401(k) Plan

(a) Merger Date: December 29, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant employed by Loy Clark Pipeline Company as of the merger date became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be fully vested in their Accounts.

(e) Distribution: An affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to March 31, 2005, distribution may be made in the form of an annuity or installments, subject to Code Section 401(a)(11) and the terms of the merged plan as in effect on the merger date (the applicable terms of the merged plan being incorporated herein by this reference).

E-10 Montana Contractors' Association, Inc. Money Purchase Retirement Plan and Trust, as Adopted by JTL Group, Inc. (the "Money Purchase Plan") and Montana Contractors' Association, Inc. 401(k) Retirement Plan and Trust, as Adopted by JTL Group, Inc.

(a) Merger Date: December 29, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plans in connection with the plan mergers.

(c) Participation: Each affected Participant employed by JTL Group, Inc. as of the merger date became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be fully vested in their Accounts.

(e) Distribution: For an affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to February 1, 2005, distribution may be made in the form of an annuity or installments, subject to Code Section 401(a)(11) and the terms of the merged plans as in effect on the merger date (the applicable terms of the merged plans being incorporated herein by this reference). Any distribution requests made on or after February 1, 2005, shall be made in accordance with Section 4.4 of the Plan, provided, however, an affected Participant's Account attributable to the Money Purchase Plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

E-11 Rocky Mountain Contractors Employees' Profit Sharing Plan and Rocky Mountain Contractors Employees' Pension Plan (the "Pension Plan"), as Adopted by Rocky Mountain Contractors, Inc. and Hamlin Electric Company

(a) Merger Date: December 31, 2004.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plans in connection with the plan mergers.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: Notwithstanding anything in Section 4.2 to the contrary and except as otherwise provided with respect to Normal Retirement Age or Disability, affected Participants shall be vested in their employer contributions transferred from the merged plans as follows:

Years of Vesting Service	Vested Percentage
Less than 2 years	0%
2 years but less than 3 years	20%
3 years or more	100%

For this purpose, a "Year of Vesting Service" means a Plan Year in which the affected Participant is compensated for 1,000 or more Hours of Service. An affected Participant shall be credited with any years of vesting service credited under the merged plans.

(e) Hardship and Age 59½ Withdrawals: An affected Participant who requests and is approved for a withdrawal pursuant to Section 4.5(a) or 4.5(b) of the Plan shall have excluded from the available amount any portion of the affected Participant's Account that was transferred from the Pension Plan in connection with the plan merger. In addition, if the affected Participant is married and a portion of the Account is attributable to the Pension Plan, the affected Participant must obtain spousal written consent, which consent must either be notarized or witnessed by a Plan representative.

(f) Loans: If an affected Participant is married and a portion of the Account is attributable to the Pension Plan, the affected Participant must obtain spousal written consent in order to obtain a loan under Section 4.8 of the Plan, which consent must either be notarized or witnessed by a Plan representative.

(g) Distribution: For an affected Participant whose entire vested Account is in excess of $5,000 and who terminates employment and requests distribution prior to March 15, 2005, distribution may be made in the normal form of an annuity or installments, subject to Code Section 401(a)(11) and the terms of the merged plans as in effect on the merger date (the applicable terms of the merged plans being incorporated herein by this reference). Any distribution requests made on or after March 15, 2005 shall be made in accordance with Section 4.4 of the Plan, provided, however, an affected Participant's Account attributable to the Pension Plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

E-12 Hawaiian Cement Non-Salaried Employees 401(k) Plan

(a) Merger Date: August 1, 2005.

(b) Affected Participants: Participants who had their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: The affected Participants shall be fully vested in their Accounts.

(e) Hardship Withdrawals: An affected Participant that requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan will have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

E-13 Bauerly Brothers, Inc. Davis-Bacon Pension Plan

(a) Merger Date: December 1, 2005.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Vesting: An affected Participant shall be fully vested in the amounts transferred from the merged plan in connection with the plan merger, with the balance of such Participant's Account being vested in accordance with Section 4.2 of the Plan.

(d) Distribution: Distribution shall be made in accordance with Section 4.4 of the Plan, provided, however, that an affected Participant's Account attributable to the merged plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

(e) Withdrawals: An affected Participant who requests and is approved for a withdrawal pursuant to Section 4.5 of the Plan, shall have excluded from the available amount any portion of the affected Participant's Account that was transferred from the merged plan in connection with the plan merger. In addition, if the affected Participant is married and a portion of his or her Account is attributable to the merged plan, the Participant must obtain spousal written consent, which must be either notarized or witnessed by a Plan representative.

(f) Loans: If an affected Participant is married, and a portion of his or her Account is attributable to the merged plan, the affected Participant must obtain spousal written consent in order to obtain a loan under Section 4.8 of the Plan, which consent must either be notarized or witnessed by a Plan representative.

E-14 Buffalo Bituminous, Inc. Davis-Bacon Pension Plan

(a) Merger Date: December 1, 2005.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Vesting: An affected Participant shall be fully vested in the amounts transferred from the merged plan in connection with the plan merger, with the balance of such Participant's Account being vested in accordance with Section 4.2 of the Plan.

(d) Distribution: Distribution shall be made in accordance with Section 4.4 of the Plan, provided, however, that an affected Participant's Account attributable to the merged plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

(e) Withdrawals: An affected Participant who requests and is approved for a withdrawal pursuant to Section 4.5 of the Plan, shall have excluded from the available amount any portion of the affected Participant's Account that was transferred from the merged plan in connection with the plan merger. In addition, if the affected Participant is married and a portion of his or her Account is attributable to the merged plan, the Participant must obtain

spousal written consent, which must be either notarized or witnessed by a Plan representative.

(f) Loans: If an affected Participant is married, and a portion of his or her Account is attributable to the merged plan, the affected Participant must obtain spousal written consent in order to obtain a loan under Section 4.8 of the Plan, which consent must either be notarized or witnessed by a Plan representative.

E-15 Granite City Ready Mix 401(k) Plan for Union Employees

(a) Merger Date: December 1, 2006.

(b) Affected Participants: Participants who had a portion of their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: Each affected Participant became a Participant in the Plan on the merger date.

(d) Vesting: An affected Participant shall be fully vested in the amounts transferred from the merged plan in connection with the plan merger, with the balance of such Participant's Account being vested in accordance with Section 4.2 of the Plan. Notwithstanding Section 4.2 of the Plan, however, each affected Participant shall become fully vested in his or her Accounts upon attainment of age 55.

(e) Distribution: Distribution shall be made in accordance with Section 4.4 of the Plan, provided, however, that an affected Participant's Account attributable to the merged plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

(f) Hardship Withdrawals: An affected Participant that requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan will have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

E-16 Bauerly Brothers, Incorporated 401(k) Plan

(a) Merger Date: March 20, 2009.

(b) Affected Participants: Participants who had their Accounts transferred from the merged plan in connection with the plan merger.

(c) Participation: An affected Participant employed by Knife River Corporation – North Central (formerly, Bauerly Brothers, Incorporated), became a Participant in the Plan on the merger date.

(d) Vesting: An affected Participant shall be fully vested in the amounts transferred from the merged plan in connection with the plan merger, with the balance of such Participant's Account being vested in accordance with Section 4.2 of the Plan. Any profit sharing contributions made on the behalf of an affected Participant shall be subject to a three-year cliff vesting schedule.

(e) Distribution: Distribution shall be made in accordance with Section 4.4 of the Plan, provided, however, that an affected Participant's Account attributable to the merged plan may be distributed in the form of a 50% joint and survivor annuity (for a married Participant) or single life annuity (for an unmarried Participant or married Participant with spousal written and notarized consent).

(f) Hardship Withdrawals: An affected Participant that requests and is approved for a hardship withdrawal pursuant to Section 4.5(a) of the Plan will have included in the available amount any such amounts transferred from the merged plan in connection with the plan merger.

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Section 3: EX-31.A (MDU RESOURCES CERTIFICATION OF CHIEF EXECUTIVE OFFICER)

CERTIFICATION

I, David L. Goodin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ David L. Goodin
David L. Goodin
President and Chief Executive Officer

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Section 4: EX-31.B (MDU RESOURCES CERTIFICATION OF CHIEF FINANCIAL OFFICER)

CERTIFICATION

I, Jason L. Vollmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MDU Resources Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ Jason L. Vollmer
Jason L. Vollmer
Vice President, Chief Financial Officer and Treasurer

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Section 5: EX-32 (MDU RESOURCES CERTIFICATION OF CEO AND CFO)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned, David L. Goodin, the President and Chief Executive Officer, and Jason L. Vollmer, the Vice President, Chief Financial Officer and Treasurer of MDU Resources Group, Inc. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHERE OF, each of the undersigned has executed this statement this 8th day of May, 2020.

/s/ David L. Goodin
David L. Goodin
President and Chief Executive Officer

/s/ Jason L. Vollmer
Jason L. Vollmer
Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to MDU Resources Group, Inc. and will be retained by MDU Resources Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 6: EX-95 (MDU RESOURCES MINE SAFETY DISCLOSURES)

MDU RESOURCES GROUP, INC.
MINE SAFETY INFORMATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (Mine Safety Act). The Dodd-Frank Act requires reporting of the following types of citations or orders:

1. Citations issued under Section 104 of the Mine Safety Act for violations that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
2. Orders issued under Section 104(b) of the Mine Safety Act. Orders are issued under this section when citations issued under Section 104 have not been totally abated within the time period allowed by the citation or subsequent extensions.
3. Citations or orders issued under Section 104(d) of the Mine Safety Act. Citations or orders are issued under this section when it has been determined that the violation is caused by an unwarrantable failure of the mine operator to comply with the standards. An unwarrantable failure occurs when the mine operator is deemed to have engaged in aggravated conduct constituting more than ordinary negligence.
4. Citations issued under Section 110(b)(2) of the Mine Safety Act for flagrant violations. Violations are considered flagrant for repeat or

reckless failures to make reasonable efforts to eliminate a known violation of a mandatory health and safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.

5. Imminent danger orders issued under Section 107(a) of the Mine Safety Act. An imminent danger is defined as the existence of any condition or practice in a coal or other mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated.
6. Notice received under Section 104(e) of the Mine Safety Act of a pattern of violations or the potential to have such a pattern of violations that could significantly and substantially contribute to the cause and effect of mine health and safety standards.

During the three months ended March 31, 2020, none of the Company's operating subsidiaries received citations or orders under the following sections of the Mine Safety Act: 104(b), 110(b)(2), 107(a) or 104(e). The Company did not have any mining-related fatalities during this period.

MSHA Identification Number/Contractor ID	Section 104 S&S Citations (#)	Section 104 (d) Citations and Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
10-02089	1	—	—	1	1	—
24-00462	—	—	687	—	—	—
35-00463	—	—	123	—	—	—
35-03321	—	—	—	1	—	—
35-03478	—	—	123	—	—	—
35-03496	1	—	—	—	—	—
35-03527	—	—	508	—	—	—
35-03594	—	—	—	2	—	—
35-03605	—	—	615	—	—	—
35-03639	—	—	246	—	—	—
35-03642	—	—	123	—	—	—
35-03751	—	—	—	1	—	—
35-03752	3	—	1,508	—	—	—
35-00503	—	—	123	—	—	—
39-00008	2	—	2,248	—	—	—
41-03931	1	—	—	—	—	—
48-00715	2	2	—	—	—	—
51-00036	—	—	1,517	—	—	—
51-00192	1	—	457	—	—	—
51-00241	—	—	121	—	—	—
51-00242	—	—	121	—	—	—
B0402 (Contractor ID)	—	—	123	—	—	—
	11	2	$ 8,643	5	1	—

Legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) may involve, among other questions, challenges by operators to citations, orders and penalties they have received from the Federal Mine Safety and Health Administration (MSHA) or complaints of discrimination by miners under section 105 of the Mine Act. The following is a brief description of the types of legal actions that may be brought before the Commission.

- Contests of Citations and Orders - A contest proceeding may be filed with the Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA.
- Contests of Proposed Penalties (Petitions for Assessment of Penalties) - A contest of a proposed penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the alleged violation contained in a citation or order.
- Complaints for Compensation - A complaint for compensation may be filed with the Commission by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation, if any, due miners idled by the orders.
- Complaints of Discharge, Discrimination or Interference - A discrimination proceeding is a case that involves a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint.
- Applications for Temporary Relief - Applications for temporary relief from any modification or termination of any order or from any order issued under section 104 of the Mine Act.
- Appeals of Judges' Decisions or Orders to the Commission - A filing with the Commission for discretionary review of a judge's decision or order by a person who has been adversely affected or aggrieved by such decision or order.

The following table reflects the types of legal actions pending before the Commission as of March 31, 2020:

MSHA Identification Number	Contests of Citations and Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Appeals of Judges' Decisions or Orders to the Commission
10-02089	1	—	—	—	—	—
35-03321	1	—	—	—	—	—
35-03594	2	—	—	—	—	—
35-03751	1	—	—	—	—	—
	5	—	—	—	—	—

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