

MDU RESOURCES GROUP INC
Form DEF 14A
March 22, 2019

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant
Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

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

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials

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

1) Amount Previously Paid:

2)Form, Schedule or Registration Statement No.:

3)Filing Party:

4)Date Filed:

March 22, 2019

Fellow Stockholders:

I invite you to join me, our Board of Directors and members of our senior management team for our annual meeting at 11 a.m. CDT May 7, 2019, at 909 Airport Road in Bismarck, North Dakota.

At the meeting, stockholders will vote on the items outlined in this proxy statement, including election of our Board of Directors, approval of our independent auditors, and approval of the amended certificates of incorporation for MDU Resources Group and Montana-Dakota Utilities.

Our director slate up for election includes three candidates who have not previously been on the ballot: Edward A. Ryan, David M. Sparby and Chenxi Wang. Edward and David were appointed to the board during 2018. Chenxi has been put forward as a candidate by our Nominating and Governance Committee because of her expertise in technology and cybersecurity. These three new candidates will help ensure a smooth leadership transition as Bart Holaday did not stand for re-election in 2018 and Harry Pearce and Bill McCracken will not stand for re-election this year. Our corporate bylaws state that directors are not eligible for election to the board after their 76th birthday. We deeply appreciate the diligent and faithful service that Harry, Bart and Bill have provided to MDU Resources' stockholders. Harry, especially, has served you well in his 22 years as a director, including five years as independent lead director and the past 14 years as chair of the board.

Also before stockholders for a vote are resolutions to amend the certificates of incorporation for MDU Resources and Montana-Dakota Utilities. These amendments follow the reorganization of our corporate structure at the start of 2019. The reorganization was undertaken to further delineate the separation between our utility companies and our other businesses. Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. were originally structured as divisions of MDU Resources, as required by the Public Utility Holding Company Act of 1935. The Energy Policy Act of 2005 repealed the PUHCA and allowed us to restructure these companies as a subsidiary. Montana-Dakota Utilities is now a subsidiary of MDU Resources and Great Plains Natural Gas is a division of Montana-Dakota Utilities. This reorganization simplifies our corporate structure and provides greater flexibility in our financing options.

In addition to the business items to be conducted at the annual meeting, I will provide an overview of our strong 2018 financial results and the acquisitions and other growth projects we accomplished. We started 2019 with strong momentum, and I will tell you more about the record backlog of work we have at our construction operations and the additional growth projects we expect to complete this year.

I look forward to seeing you May 7. Details on how to receive an admission ticket to attend our annual meeting are included in the Notice of Annual Meeting of Stockholders as well as on page 67 of this Proxy Statement.

If you cannot attend the annual stockholder meeting, your vote is still important to us. I ask that you please promptly follow the instructions on your notice or proxy card to vote.

We appreciate your continued investment in MDU Resources and remain committed to providing the long-term value you expect.

Sincerely,

David L. Goodin
President and Chief Executive Officer

Proxy Statement

1200 West Century Avenue

Mailing Address:

P.O. Box 5650

Bismarck, North Dakota 58506-5650

(701) 530-1000

NOTICE OF

ANNUAL

MEETING OF

STOCKHOLDERS

TO BE HELD

MAY 7, 2019

March 22, 2019

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of MDU Resources Group, Inc. will be held at 909 Airport Road, Bismarck, North Dakota 58504, on Tuesday, May 7, 2019, at 11:00 a.m., Central Daylight Saving Time, for the following purposes:

- Items of Business
1. Election of directors;
 2. Advisory vote to approve the compensation paid to the company's named executive officers;
 3. Ratification of the appointment of Deloitte & Touche LLP as the company's independent registered public accounting firm for 2019;
 4. Approval of an Amendment to Montana-Dakota Utilities Co.'s Restated Certificate of Incorporation;
 5. Approval of Amendments to Update and Modernize the Company's Amended and Restated Certificate of Incorporation; and
 6. Transaction of any other business that may properly come before the meeting or any adjournment(s) thereof.

Record Date

The board of directors has set the close of business on March 8, 2019, as the record date for the determination of common stockholders who will be entitled to notice of, and to vote at, the meeting and any adjournment(s) thereof.

All stockholders as of the record date of March 8, 2019, are cordially invited and urged to attend the annual meeting. You must request an admission ticket to attend. If you are a stockholder of record and plan to attend the meeting, please contact MDU Resources Group, Inc. by email at CorporateSecretary@mduresources.com or by telephone at 701-530-1010 to request an admission ticket. A ticket will be sent to you by mail.

Meeting Attendance

If your shares are held beneficially in the name of a bank, broker, or other holder of record, and you plan to attend the annual meeting, you will need to submit a written request for an admission ticket by mail to: Investor Relations, MDU Resources Group, Inc., P.O. Box 5650, Bismarck, ND 58506 or by email at CorporateSecretary@mduresources.com. The request must include proof of stock ownership as of March 8, 2019, such as a bank or brokerage firm account statement or a legal proxy from the bank, broker, or other holder of record confirming ownership. A ticket will be sent to you by mail.

Requests for admission tickets must be received no later than May 1, 2019. You must present your admission ticket and state-issued photo identification, such as a driver's license, to gain admittance to the meeting.

Proxy Materials Notice of Availability of Proxy Materials will be sent on or about March 22, 2019. The Notice contains basic information about the annual meeting and instructions on how to view our proxy materials and vote electronically on the Internet. Stockholders who do not receive the Notice will receive a paper copy of our proxy materials, which will be sent on or about March 28, 2019.

By order of the Board of Directors,

Daniel S. Kuntz
Secretary

Important Notice Regarding the
Availability of Proxy Materials for
the Stockholder Meeting to be Held
on May 7, 2019.

The 2019 Notice of Annual Meeting
and Proxy Statement and 2018
Annual Report to Stockholders
are available at
www.mdu.com/proxymaterials.

MDU Resources Group, Inc. Proxy Statement

Proxy Statement

TABLE OF CONTENTS

	Page		Page
<u>PROXY STATEMENT SUMMARY</u>	1	EXECUTIVE COMPENSATION (continued)	
<u>BOARD OF DIRECTORS</u>		<u>Pension Benefits</u>	50
<u>Item 1. Election of Directors</u>	7	<u>Nonqualified Deferred Compensation</u>	51
<u>Director Nominees</u>	8	<u>Potential Payments upon Termination or Change of Control</u>	52
<u>Board Evaluations and Process for Electing Directors</u>	14	<u>AUDIT MATTERS</u>	
<u>CORPORATE GOVERNANCE</u>		<u>Item 3. Ratification of the Appointment of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for 2019</u>	57
<u>Director Independence</u>	17	<u>Annual Evaluation and Selection of Deloitte & Touche LLP</u>	57
<u>Stockholder Engagement</u>	17	<u>Audit Fees and Non-Audit Fees</u>	58
<u>Board Leadership Structure</u>	17	<u>Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm Audit Committee Report</u>	59
<u>Board's Role in Risk Oversight</u>	18	<u>OTHER MATTERS</u>	
<u>Board Meetings and Committees</u>	18	<u>Item 4. Approval of an Amendment to Montana-Dakota Utilities Co.'s Restated Certificate of Incorporation</u>	60
<u>Compensation Policies and Practices as They Relate to Risk Management</u>	21	<u>Item 5. Approval of Amendments to Update and</u>	
<u>Stockholder Communications with the Board</u>	22		
<u>Additional Governance Features</u>	23		
<u>Corporate Governance Materials</u>	24		
<u>Related Person Transaction Disclosure</u>	24		
<u>COMPENSATION OF NON-EMPLOYEE DIRECTORS</u>			
<u>Director Compensation</u>	25		
<u>SECURITY OWNERSHIP</u>			
<u>Security Ownership Table</u>	27		

		<u>Modernize the Company's Amended and Restated Certificate of Incorporation</u>	61
<u>Hedging Policy</u>	27	<u>INFORMATION ABOUT THE ANNUAL MEETING</u>	
<u>Greater than 5% Beneficial Owners</u>	28	<u>Who Can Vote</u>	65
<u>Section 16 Compliance</u>	28	<u>Notice and Access</u>	65
<u>EXECUTIVE COMPENSATION</u>		<u>How to Vote</u>	65
<u>Item 2. Advisory Vote to Approve the Compensation Paid</u>		<u>Revoking Your Proxy or Changing Your Vote</u>	65
<u>to the Company's Named Executive Officers</u>	29	<u>Discretionary Voting Authority</u>	66
<u>Information Concerning Executive Officers</u>	30	<u>Voting Standards</u>	66
<u>Compensation Discussion and Analysis</u>	31	<u>Proxy Solicitation</u>	66
<u>Executive Summary</u>	31	<u>Electronic Delivery of Proxy Statement</u>	67
<u>2018 Compensation Framework</u>	34	<u>Householding of Proxy Materials</u>	67
<u>2018 Compensation for Our Named Executive Officers</u>	36	<u>MDU Resources Group, Inc. 401(k) Plan Annual Meeting</u>	67
<u>Other Benefits</u>	42	<u>Admission and Guidelines</u>	67
<u>Compensation Governance</u>	43	<u>Conduct of the Meeting</u>	68
<u>Compensation Committee Report</u>	44	<u>Stockholder Proposals, Director Nominations, and</u>	
<u>Executive Compensation Tables</u>	45	<u>Other Items of Business for 2020</u>	68
<u>Summary Compensation Table</u>	45	<u>APPENDIX A Amended and Restated</u>	
<u>Grants of Plan-Based Awards</u>	47	<u>Certificate of Incorporation</u>	
<u>Outstanding Equity Awards at Fiscal Year-End</u>	49	<u>of MDU Resources Group, Inc.</u>	A-1
<u>Option Exercises and Stock Vested</u>	50		

Proxy Statement

PROXY
STATEMENT
SUMMARY

To assist you in reviewing the company's 2018 performance and voting your shares, we call your attention to key elements of our 2019 Proxy Statement. The following is only a summary and does not contain all the information you should consider. You should read the entire Proxy Statement carefully before voting. For more information about these topics, please review the full Proxy Statement and our 2018 Annual Report to Stockholders.

Summary of Stockholder
Meeting
Voting Matters

Time and Voting Matters	Board Vote Recommendation	See Page
Date: 11:00 a.m. Item 1. Election of Directors	FOR Each Nominee	<u>7</u>
Central Daylight Saving Time Item 2. Advisory Vote to Approve the Compensation Paid to the Company's Named Executive Officers	FOR	<u>29</u>
Place: Item 3. Ratification of the Appointment of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for 2019	FOR	<u>57</u>
MDU Service Center 909 Airport Road Bismarck, ND Item 4. Utilities Co.'s Restated Certificate of Incorporation	FOR	<u>60</u>
Item 5. Approval of Amendments to Update and Modernize the Company's Amended and Restated Certificate of	FOR	<u>61</u>

Incorporation

Corporate Governance

Highlights

MDU Resources Group, Inc. is committed to strong corporate governance practices. The following highlights our corporate governance practices and policies. See the sections entitled “Corporate Governance” and “Executive Compensation” for more information on the following:

- | | |
|---|--|
| <ul style="list-style-type: none"> ü Annual Election of All Directors | <ul style="list-style-type: none"> ü Standing Committees Consist Entirely of Independent Directors |
| <ul style="list-style-type: none"> ü Majority Voting for Directors Succession | <ul style="list-style-type: none"> ü Active Investor Outreach Program Stock Ownership |
| <ul style="list-style-type: none"> ü Planning and Implementation Process | <ul style="list-style-type: none"> ü Requirements for Directors and Executive Officers Anti-Hedging and Anti-Pledging |
| <ul style="list-style-type: none"> ü Separate Board Chair and CEO | <ul style="list-style-type: none"> ü Policies for Directors and Executive Officers |
| <ul style="list-style-type: none"> ü Executive Sessions of Independent Directors at Every Regularly Scheduled Board Meeting | <ul style="list-style-type: none"> ü No Related Party Transactions by Our Directors or Executive Officers |
| <ul style="list-style-type: none"> ü Annual Board and Committee Self-Evaluations | <ul style="list-style-type: none"> ü Compensation Recovery/Clawback Policy |
| <ul style="list-style-type: none"> ü Risk Oversight by Full Board and Committees | <ul style="list-style-type: none"> ü Annual Advisory Approval on Executive Compensation |
| <ul style="list-style-type: none"> ü All Directors are Independent Other Than Our CEO | <ul style="list-style-type: none"> ü Mandatory Retirement for Directors at Age 76 |
| <ul style="list-style-type: none"> ü “Proxy Access” Allowing Stockholders to Nominate Directors in Accordance With the Terms | <ul style="list-style-type: none"> ü Directors May Not Serve on More Than Three Public Boards Including the Company’s Board |

of Our Bylaws

MDU Resources Group, Inc. Proxy Statement 1

Proxy Statement

Business Performance Highlights
Our overall performance in 2018 was consistent with our long-term strategy as we focused on growing our regulated energy delivery and construction materials and services business segments. In addition to our 2018 financial performance highlighted on the next page:

Our electric distribution segment completed the purchase of the Thunder Spirit Wind Farm expansion in southwest North Dakota. The purchase boosts the production capacity of the wind farm from 107.5 megawatts to 155 megawatts of renewable energy. This increases the segment's renewable generation capacity from

22% to 27% of its total generation capacity.

Construction continued in 2018 on the 345-kilovolt transmission line project from Ellendale, North Dakota, to Big Stone City, South Dakota, and was completed in February 2019.

Our construction materials and contracting segment completed the following four acquisitions during 2018:

- o Sweetman Const. Co. located in Sioux Falls, South Dakota;
- o Teevin & Fischer Quarry, LLC located in northern Oregon;
- o Tri-City Paving, Inc. located in Little Falls, Minnesota; and
- o Molalla Redi-Mix and Rock Products, Inc. located

south of
Portland,
Oregon.

The pipeline and midstream segment in 2018 had record transportation volumes for the second consecutive year. The segment expanded Line Section 27 of its natural gas transportation system in northwestern North Dakota. The project involved construction of approximately 13 miles of pipeline and associated facilities. The expansion provides Line Section 27 with capacity to transport over 600,000 dekatherms per day. The segment also completed construction of its 38-mile Valley Expansion Project transmission line in eastern North Dakota and western Minnesota. The segment is proceeding with

construction
planning on its
Demicks Lake
Project in
McKenzie
County, North
Dakota, and
Line Section 22
Project near
Billings,
Montana. Both
of these
projects are
expected to be
completed in
2019.

On January 1,
2019, we
completed a
holding
company
reorganization
to provide
additional
financing
flexibility and
further
separation
between the
company's
utility and other
business
segments. As a
result of the
reorganization,
all of the
company's
utility
operations will
be conducted
through
wholly-owned
subsidiaries.

Including our
accomplishments
in 2018, we are
optimistic about
the company's
future financial
performance. The

chart below
shows our
progress over the
last five years.

* MDU Resources Group, Inc. reported 2017 earnings from continuing operations of \$1.45 per share which included a non-recurring benefit of 20 cents per share attributable to the federal Tax Cuts and Jobs Act that was signed into law on December 22, 2017.

2 MDU Resources Group, Inc. Proxy Statement

Proxy Statement

2018 Financial

Performance Highlights

Strong year-over-year performance from continuing operations at both our regulated energy segments and our construction materials and services segments resulted in earnings per share from continuing operations of \$1.38 per share compared to \$1.45 per share in 2017, which included a benefit of 20 cents per share attributable to the federal Tax Cuts and Jobs Act. Including discontinued operations, 2018 earnings were \$272.3 million, or \$1.39 per share, compared to \$280.4 million, or \$1.43 cents per share, in 2017.

Return of stockholder value through dividends:

Increased dividend for 28th straight year; and Paid uninterrupted dividend for 81 straight years.

Maintained BBB+ stable credit rating from Standard & Poor's and Fitch rating agencies. ¹

28 Years	Dividends Paid	81 Years
of Consecutive	\$739 Million	of Uninterrupted
Dividend Increases	Over the Last 5 Years	Dividend Payments

Compensation Highlights

The company's executive compensation is focused on paying for performance. Our compensation program is structured to strongly align compensation with the company's financial

performance as a substantial portion of our executive compensation is based upon performance incentive awards.

Over 75% of our chief executive officer's target compensation and over 58% of our other named executive officers' target compensation is performance based.

100% of our chief executive officer's annual and long-term incentive compensation is tied to performance against pre-established, specific, measurable financial goals.

We require our executive officers to own a significant amount of company stock based upon a multiple of their base salary.

2018 Named Executive Officer Target Pay Mix

*Includes time-vesting restricted stock units for certain named executive officers.

A securities rating is not a recommendation to buy, sell, or hold securities, and it may be revised or withdrawn at any time by the rating agency.

MDU Resources Group, Inc. Proxy Statement 3

Proxy Statement

Key Features of Our Executive Compensation Program What We Do

Pay for Performance - Annual and long-term award incentives tied to performance measures set by the compensation committee comprise the largest portion of executive compensation.

Independent Compensation Committee - All members of the compensation committee meet the independence standards under the New York Stock Exchange listing standards and the Securities and Exchange Commission rules.

Independent Compensation Consultant - The compensation committee retains an independent compensation consultant to evaluate executive compensation plans and practices.

Competitive Compensation - Executive compensation reflects executive performance, experience, relative value compared to other positions within the company, relationship to competitive market value compensation, business segment economic environment, and the actual performance of the overall company and the business segments.

Annual Cash Incentive - Payment of annual cash incentive awards are based on business segment and overall company performance against pre-established financial measures.

Long-Term Equity Incentive - The long-term performance-based equity incentive in the form of performance shares represents approximately 56% of our CEO's and approximately 37% of our other named executive officers' 2018 target compensation, which may only be earned based on achievement of established performance measures at the end of a three-year period.

Annual Compensation Risk Analysis - We regularly analyze the risks related to our compensation programs and conduct an annual broad risk assessment.

Stock Ownership and Retention Requirements - Executive officers are required to own, within five years of appointment or promotion, company common stock equal to a multiple of their base salary. The executive officers also must retain at least 50% of the net after-tax shares of stock vested through the long-term incentive plan for at least two years or until termination of employment.

Clawback Policy - If the company's audited financial statements are restated, the compensation committee may, or shall if required, demand repayment of some or all incentives paid to our executive officers within the last three years.

What We Do Not Do

Stock Options - The company does not use stock options as a form of incentive compensation.

Employment Agreements - Executives do not have employment agreements entitling them to specific payments upon termination or a change of control of the company.

Perquisites - Executives do not receive perquisites that materially differ from those available to employees in general.

Hedge Stock - Executives and directors are not allowed to hedge company securities.

Pledge Stock - Executives and directors are not allowed to pledge company securities in margin accounts or as collateral for loans.

No Dividends or Dividend Equivalents on Unvested Shares - We do not provide for payment of dividends or dividend equivalents on unvested share awards.

Proxy Statement

Corporate Responsibility, Environmental, and Sustainability

MDU Resources Group, Inc. is Building a Strong America® by providing essential products and services to our customers with a long-term view toward sustainable operations. To ensure we can continue to provide these products and services in the communities where we do business, we recognize that we must preserve the trust our communities place in us to be a good corporate citizen. We remain committed to pursuing responsible corporate governance and environmental practices and to maintaining the health and safety of the public and our employees. Learn about our sustainability efforts in our Sustainability Report, which is available at www.mdu.com/sustainability. To better serve our investors and other stakeholders, in 2019 we will begin reporting environmental, social, governance, and sustainability (ESG/sustainability) metrics relevant and important to our operations in frameworks that will provide our stakeholders more uniform and transparent data and information, allowing for comparison with our peers and other companies operating in our industries. For our electric and natural gas distribution segments, as well as our pipeline and midstream segment, we intend to report ESG/sustainability metrics using the reporting templates developed by the Edison Electric Institute and the American Gas Association. For our other business segments, we intend to report ESG/sustainability information under the framework developed by the Sustainability Accounting Standards Board (SASB) for our applicable industries. The use of the metrics developed by these organizations provides for ESG/sustainability reporting tailored to our industries. These are some highlights of our recent efforts regarding sustainability:

As our
renewable
generation

resource capacity has increased, the carbon dioxide (CO₂) emission intensity of our electric generation resource fleet has been reduced by approximately 24% since 2003. We expect it to continue to decline in future years. Renewable resources comprised approximately 27% of our electric generation resource nameplate capacity at December 31, 2018.

Approximately 21% of the electricity delivered to our customers from company-owned generation in 2018 was from renewable resources. We invested approximately \$133 million in environmental emission control equipment and other environmental improvements at

our coal-fired electric generation plants since 2013. The investments have resulted in substantial reductions in mercury, sulfur dioxide, nitrogen oxide, and filterable particulate emissions from our coal-fired electric generation resources. Montana-Dakota Utilities Co. produces renewable natural gas (RNG) from the Billings Regional Landfill in Montana. The project came online at the end of 2010 and has produced approximately 1.1 million dekatherm of RNG through year-end 2018. The RNG is supplied to the vehicle fuel market generating renewable identification numbers (RINS) and low carbon fuel standard (LCFS) credits in California and Oregon. In calendar year 2018, the

Billings Landfill Plant produced approximately 1.86 million RINs and 3,250 LCFS credits. Our utility companies received high scores in customer satisfaction. Cascade Natural Gas Corporation ranked first, Intermountain Gas Company second, and Montana-Dakota Utilities Co. third among West Region mid-sized natural gas utilities in the 2018 J.D. Power Gas Utility Residential Customer Satisfaction Survey. We were recognized on the Thomson Reuters 2017 Top 25 Global Multiline Utilities list. The list recognizes companies that have demonstrated a commitment to energy leadership in these areas: financial, management and investor confidence, risk and resilience, legal compliance, innovation, people and social

sustainability,
environmental
impact, and
reputation.

MDU Resources Group, Inc. Proxy Statement 5

Proxy Statement

Knife River Corporation produces and places warm-mix asphalt in applications where warm-mix asphalt is allowed. Warm-mix asphalt is produced at cooler temperatures than traditional hot-mix asphalt methods, which reduces the amount of fuel needed in the production process and thereby reduces emissions and fumes. Knife River Corporation continued its practice of recycling and reusing building materials. This conserves natural resources, uses less energy, alleviates waste disposal problems in local landfills, and ultimately costs less for

the consumer.
Our
subsidiary,
Bombard
Renewable
Energy, was
ranked No. 13
on Solar
Power World's
2018 Top 500
Solar
Contractors
List. The list
ranks
companies
according to
their influence
in the U.S.
solar industry
based on how
many
kilowatts of
solar
generation
they installed
in 2017.
The MDU
Resources
Foundation
awarded grants
of \$1.68
million to
educational
and nonprofit
institutions in
2018. Since its
incorporation
in 1983, the
foundation has
contributed
more than \$34
million to
worthwhile
causes in
categories of
education,
civic and
community
activities,
culture and
arts,

environmental
stewardship,
and health and
human
services.

We encourage
and support
community
volunteerism
by our
employees.

The MDU
Resources
Foundation
contributes a
\$500 grant to
an eligible
nonprofit
organization
after an
employee
volunteers a
minimum of
25 hours to the
organization
during
non-company
hours during a
calendar year.

In 2018, the
foundation
granted
\$40,500 under
this program,
matching over
4,850
employee
volunteer
hours.

21%	Grants Awarded	24%
of 2018 Electricity Generated From Renewable Resources	\$1.68 Million in 2018	Reduction in CO ₂ Intensity Since 2003

Proxy Statement

BOARD OF
DIRECTORS

ITEM 1. ELECTION OF DIRECTORS

The board currently consists of eleven directors, all of whom, except Harry J. Pearce and William E. McCracken, are standing for election to the board at the 2019 Annual Meeting of Stockholders to hold office until the 2020 annual meeting and until their successors are duly elected and qualified. Mr. Pearce and Mr. McCracken will be retiring following the annual meeting in accordance with our retirement age limits. In February 2019, the board of directors determined to reduce the number of directors to ten effective with the 2019 annual meeting and has nominated Chenxi Wang as a new director nominee to stand for election to the board at the annual meeting.

The board has affirmatively determined that all the director nominees, other than David L. Goodin, our president and chief executive officer, are independent in accordance with New York Stock Exchange (NYSE) rules, our governance guidelines, and our bylaws.

Our bylaws provide for a majority voting standard for the election of directors. See [“Additional Information - Majority Voting”](#) below for further detail.

Each of the director nominees has consented to be named in this proxy statement and to serve as a director, if elected. We do not know of any reason why any nominee would be unable or unwilling to serve as a director, if elected. If, however, a nominee becomes unable to serve or will not serve, proxies may be voted for the election of such other person nominated by the board as a substitute or the board may further reduce the number of directors.

Information about each director nominee’s share ownership is presented below under [“Security Ownership.”](#)

The shares represented by the proxies received will be voted for the election of each of the ten nominees named below, unless you indicate in the proxy that your vote should be cast against any or all the director nominees or that you abstain from voting. Each nominee elected as a director will continue in office until his or her successor has been duly elected and qualified or until the earliest of his or her resignation, retirement, or death.

The ten nominees for election to the board at the 2019 annual meeting, all proposed by the board, are listed below with brief biographies.

The board of
directors
recommends
that the
stockholders
vote FOR the
election of
each
nominee.

Proxy Statement

Director Nominees

Thomas Everist Independent Director Since 1995 Other Current Public Boards:

Age 69 Compensation Committee --Raven Industries, Inc.

Mr. Everist has more than 44 years of business experience in the construction materials and aggregate mining industry. He has business leadership and management experience serving as president and chair of his companies for over 31 years. Mr. Everist also has experience serving as a director and chair of another public company, which enhances his contributions to our board.

Career Highlights

President and chair of The Everist Company, Sioux Falls, South Dakota, an investment and land development company, since April 2002. Prior to January 2017, The Everist Company was engaged in aggregate, concrete, and asphalt production.

Managing member of South Maryland Creek Ranch, LLC, a land development company; president of SMCR, Inc., an investment company, since June 2006; and managing member of MCR Builders, LLC, which provides residential building services to South Maryland Creek Ranch, LLC, since November 2014.

Director and chair of the board of Everist Health, Inc., Ann Arbor, Michigan, which provides solutions for personalized medicines, since 2002, and chief executive officer from August 2012 to December 2012.

President and chair of L.G. Everist, Inc., Sioux Falls, South Dakota, an aggregate production company, from 1987 to April 2002.

Other Leadership Experience

Director of publicly traded Raven Industries, Inc., Sioux Falls, South Dakota, a general manufacturer of electronics, flow controls, and engineered films, since 1996, and chair from April 2009 to May 2017.

Director of Showplace Wood Products, Inc., Sioux Falls, South Dakota, a custom cabinets manufacturer, since January 2000.

Director of Bell, Inc., Sioux Falls, South Dakota, a manufacturer of folding cartons and packages, since April 2011.

Director of Angiologix Inc., Mountain View, California, a medical diagnostic device company, from July 2010 through October 2011 when it was acquired by Everist Genomics, Inc.

Member of the South Dakota Investment Council, the state agency responsible for prudently investing state funds, from July 2001 to June 2006.

Education

Bachelor's degree in mechanical engineering and a master's degree in construction management from Stanford University.

Proxy Statement

Karen B. Fagg Independent Director Since 2005
Age 65 Compensation Committee
Nominating and Governance Committee

Ms. Fagg brings experience to our board in construction and engineering, energy, and the responsible development of natural resources, which are all important aspects of our business. In addition to her industry experience, Ms. Fagg has over 20 years of business leadership and management experience, including over eight years as president, chief executive officer, and chair of her own company, as well as knowledge and experience acquired through her service on a number of Montana state and community boards.

Career Highlights

Vice president of DOWL LLC, dba DOWL HKM, an engineering and design firm, from April 2008 until her retirement in December 2011.

President of HKM Engineering, Inc., Billings, Montana, an engineering and physical science services firm, from April 1995 to June 2000, and chair, chief executive officer, and majority owner from June 2000 through March 2008. HKM Engineering, Inc. merged with DOWL LLC on April 1, 2008.

Employed with MSE, Inc., Butte, Montana, an energy research and development company, from 1976 through 1988, and vice president of operations and corporate development director from 1993 to April 1995.

Director of the Montana Department of Natural Resources and Conservation, Helena, Montana, the state agency charged with promoting stewardship of Montana's water, soil, energy, and rangeland resources; regulating oil and gas exploration and production; and administering several grant and loan programs, for a four-year term from 1989 through 1992.

Other Leadership Experience

Director of the Billings Catholic Schools Board from December 2011 through December 2018, including a term as chair; and director of St. Vincent's Healthcare Board from October 2003 to October 2009 and from January 2016 to present, including a term as chair.

Former member of several state and community boards, including the First Interstate BancSystem Foundation, from June 2013 to 2016; the Montana Justice Foundation, whose mission is to achieve equal access to justice for all Montanans through effective funding and leadership, from 2013 into 2015; Board of Trustees of Carroll College from 2005 through 2010; Montana

Board of Investments, the state agency responsible for prudently investing state funds, from 2002 through 2006; Montana State University's Advanced Technology Park from 2001 to 2005; and Deaconess Billings Clinic Health System from 1994 to 2002.

Education

Bachelor's degree in mathematics from Carroll College in Helena, Montana.

David L. Goodin Director Since 2013

Age 57 President and Chief Executive Officer

As chief executive officer of MDU Resources Group, Inc., Mr. Goodin is the only officer of the company that serves on our board. With over 35 years of significant, hands-on experience at our company, Mr. Goodin's long history and deep knowledge and understanding of MDU Resources Group, Inc., its operating companies, and its lines of business bring continuity to the board. In addition, Mr. Goodin provides the board with valuable insight into management's views and perspectives, as well as the day-to-day operations of the company.

Career Highlights

President and chief executive officer and a director of the company since January 4, 2013.

Prior to January 4, 2013, served as chief executive officer and president of Intermountain Gas Company, Cascade Natural Gas Corporation, Montana-Dakota Utilities Co., and Great Plains Natural Gas Co.

Began his career in 1983 at Montana-Dakota Utilities Co. as a division electrical engineer and served in positions of increasing responsibility until 2007 when he was named president of Cascade Natural Gas Corporation; positions included division electric superintendent, electric systems manager, vice president-operations, and executive vice president-operations and acquisitions.

Other Leadership Experience

Member of the U.S. Bancorp Western North Dakota Advisory Board since January 2013.

Director of Sanford Bismarck, an integrated health system dedicated to the work of health and healing, and Sanford Living Center, since January 2011.

Former board member of several industry associations, including the American Gas Association, the Edison Electric Institute, the North Central Electric Association, the Midwest ENERGY Association, and the North Dakota Lignite Energy Council.

Education and Professional

Bachelor of science degree in electrical and electronics engineering from North Dakota State University and a master's degree in business administration from the University of North Dakota.

The Advanced Management Program at Harvard School
of Business.

Registered professional engineer in North Dakota.

MDU Resources Group, Inc. Proxy Statement 9

Proxy Statement

Mark A. Hellerstein Independent Director Since 2013
Age 66 Audit Committee

Mr. Hellerstein has extensive business experience in the energy industry as a result of his 17 years of senior management experience and service as board chair of St. Mary Land & Exploration Company (now SM Energy Company). As a certified public accountant, on inactive status, with extensive financial experience as a result of his employment as chief financial officer with several companies, including public companies, Mr. Hellerstein contributes significant finance and accounting knowledge to our board and audit committee.

Career Highlights

Chief executive officer of St. Mary Land & Exploration Company (now SM Energy Company), an energy company engaged in the acquisition, exploration, development, and production of crude oil, natural gas, and natural gas liquids, from 1995 until February 2007; president from 1992 until June 2006; and executive vice president and chief financial officer from 1991 until 1992. He was first elected to the board of St. Mary in 1992 and served as chair from 2002 until May 2009.

Several positions prior to joining St. Mary in 1991, including chief financial officer of CoCa Mines Inc., which mined and extracted minerals from lands previously held by the public through the Bureau of Land Management; American Golf Corporation, which manages and owns golf courses in the United States; and Worldwide Energy Corporation, an oil and gas acquisition, exploration, development, and production company with operations in the United States and Canada.

Other Leadership Experience

Director of Transocean Inc., a leading provider of offshore drilling services for oil and gas wells, from December 2006 to November 2007.

Director of the Denver Children's Advocacy Center, whose mission is to provide a continuum of care for traumatized children and their families, from August 2006 until December 2011, including chair for the last three years.

Education and Professional

Bachelor's degree in accounting from the University of Colorado.

Certified public accountant, on inactive status.

Dennis W. Johnson Independent Director Since 2001 Vice Chair of the Board
Age 69 Audit Committee
Nominating and Governance Committee

Mr. Johnson brings to our board over 44 years of experience in business management, manufacturing, and finance, holding positions as chair, president, and chief executive officer of TMI Corporation for 37 years, as well as through his prior service as a director of the Federal Reserve Bank of Minneapolis. As a result of his service on a number of state and local organizations in North Dakota, Mr. Johnson has significant knowledge of local, state, and regional issues involving North Dakota, a state where we have significant operations and assets.

Career Highlights

• Vice chair of the board of the company effective February 15, 2018.

• Chair, president, and chief executive officer of TMI Corporation, and chair and chief executive officer of TMI Transport Corporation, manufacturers of casework and architectural woodwork in Dickinson, North Dakota; employed since 1974 and serving as president or chief executive officer since 1982.

Other Leadership Experience

• Member of the Bank of North Dakota Advisory Board of Directors since August 2017.

• President of the Dickinson City Commission from July 2000 through October 2015.

• Director of the Federal Reserve Bank of Minneapolis from 1993 through 1998.

Served on numerous industry, state, and community boards, including the North Dakota Workforce Development Council (chair); the Decorative Laminate Products Association; the North Dakota Technology Corporation; and the business advisory council of the Steffes Corporation, a metal manufacturing and engineering firm.

Served on North Dakota Governor Sinner's Education Action Commission; the North Dakota Job Service Advisory Council; the North Dakota State University President's Advisory Council; North Dakota Governor Schafer's Transition Team; and chaired North Dakota Governor Hoeven's Transition Team.

Education

• Bachelor of science in electrical and electronics engineering and master of science in industrial engineering from North Dakota State University.

Proxy Statement

<p>Patricia L. Moss Independent Director Since 2003 Age 65</p>	<p>Compensation Committee Nominating and Governance Committee</p>	<p>Other Current Public Boards: --First Interstate BancSystem, Inc. --Aquila Group of Funds</p>
--	---	---

Ms. Moss has business experience and knowledge of the Pacific Northwest economy and state, local, and regional issues where a significant portion of our operations are located. Ms. Moss provides our board with experience in finance and banking, as well as experience in business development through her work at Cascade Bancorp and Bank of the Cascades, and on the Oregon Investment Fund Advisory Council, the Oregon Business Council, and the Oregon Growth Board. Ms. Moss also has experience as a certified senior professional in human resources.

Career Highlights

President and chief executive officer of Cascade Bancorp, a financial holding company, Bend, Oregon, from 1998 to January 3, 2012; chief executive officer of Cascade Bancorp's principal subsidiary, Bank of the Cascades, from 1998 to January 3, 2012, serving also as president from 1998 to 2003; and chief operating officer, chief financial officer and secretary of Cascade Bancorp from 1987 to 1998.

Other Leadership Experience

Member of the Oregon Investment Council, which oversees the investment and allocation of all state of Oregon trust funds, since December 2018.

Director of First Interstate BancSystem, Inc., since May 30, 2017.

Director of Cascade Bancorp and Bank of the Cascades from 1993, and vice chair from January 3, 2012 until May 30, 2017 when Cascade Bancorp merged into First Interstate BancSystem, Inc., and became First Interstate Bank.

Chair of the Bank of the Cascades Foundation Inc. from 2014 to July 31, 2018; co-chair of the Oregon Growth Board, a state board created to improve access to capital and create private-public partnerships, from May 2012 through December 2018; and a member of the Board of Trustees for the Aquila Group of Funds, whose core business is mutual fund management and provision of investment strategies to fund shareholders, from January 2002 to May 2005 (one fund) and from June 2015 to present (currently three funds).

Former director of the Oregon Investment Fund Advisory Council, a state-sponsored program to encourage the growth of small businesses in Oregon; the Oregon Business Council, with a mission to mobilize business leaders to contribute to Oregon's quality of life and economic prosperity; the North Pacific Group, Inc., a wholesale distributor of building materials, industrial, and hardwood products; Clear Choice Health Plans Inc., a multi-state insurance company; and City of Bend's Juniper Ridge management advisory board.

Education

Bachelor of science in business administration from Linfield College in Oregon and master's studies at Portland State University.

Commercial banking school certification at the ABA Commercial Banking School at the University of Oklahoma.

<p>Edward A. Ryan Age 65</p>	<p>Independent Director Since 2018 Audit Committee Nominating and Governance Committee</p>
----------------------------------	--

Mr. Ryan, through his position as executive vice president and general counsel at Marriott International, Inc., brings extensive experience to our board in acquisitions, contracts, compliance, legal matters, SEC reporting, and

labor relations. Mr. Ryan's experience significantly contributes to the board's oversight of compliance and corporate governance.

Career Highlights

Advisor to the chief executive officer and president of Marriott International from December 2017 to December 31, 2018.

Executive vice president and general counsel of Marriott International from December 2006 to December 2017; senior vice president and associate general counsel from 1999 to November 2006; assumed responsibility for all corporate transactions and corporate governance in 2005; and joined Marriott International as assistant general counsel in May 1996.

Private law practice from 1979 to 1996.

Other Leadership Experience

Director of Goodwill of Greater Washington, D.C., a non-profit organization whose mission is to transform lives and communities through education and employment, since January 2015, as well as vice chair since January 2019 and chair of the finance committee since January 2018.

Education

Juris doctor degree from the University of Pennsylvania Law School.

Bachelor's degree in economics and international relations from the University of Pennsylvania.

Proxy Statement

David M. Sparby Independent Director Since 2018

Age 64 Audit Committee

Mr. Sparby has over 32 years of broad public utility experience through his positions as senior vice president and group president, revenue, of Xcel Energy Inc., president and chief executive officer of its subsidiary, Northern States Power-Minnesota (NSP Minnesota), and chief financial officer of Xcel Energy. Mr. Sparby's public utility and renewable energy expertise contributes to the board's knowledge of the public utility and natural gas pipeline industries.

Career Highlights

Senior vice president and group president, revenue, of Xcel Energy and president and chief executive officer of its subsidiary, NSP-Minnesota, from May 2013 until his retirement in December 2014; senior vice president and group president, from September 2011 to May 2013; chief financial officer from March 2009 to September 2011; and president and chief executive officer of NSP-Minnesota from 2008 to March 2009. He joined Xcel Energy, or its predecessor Northern States Power Company, as an attorney in 1982 and held positions of increasing responsibility.

Attorney with the State of Minnesota, Office of Attorney General, from 1980 to 1982, during which period his responsibilities included representation of the Department of Public Service and the Minnesota Public Utilities Commission.

Other Leadership Experience

Board of Trustees of Mitchell Hamline School of Law since July 2011, including executive committee and committee chair positions.

Board of Trustees of the College of St. Scholastica since July 2012, including vice chair and executive committee positions.

Education

Juris doctor degree from William Mitchell College of Law.

Bachelor's degree in history from College of St. Scholastica and a master's degree in business administration from University of St. Thomas.

Chenxi Wang Independent Director Nominee

Age 49

Ms. Wang has extensive technology and cybersecurity expertise through her

experience, including founder and managing general partner of Rain Capital Fund, L.P., chief strategy officer at Twistlock, vice president, cloud security & strategy at Ciphercloud, and vice president, strategy and market intelligence at Intel Security. She is a sought-after public speaker on issues of technology and cybersecurity.

Career Highlights

Founder and managing general partner of Rain Capital Fund, L.P., a cybersecurity-focused venture fund aiming to fund early-stage, transformative technology innovations in the security market with a goal of supporting women and minority entrepreneurs, since December 2017.

Chief strategy officer at Twistlock, an automated and scalable cloud native cybersecurity platform, from August 2015 to February 2017.

Vice president, cloud security & strategy of CipherCloud, a cloud security software company, from January 2015 to August 2015.

Vice president of strategy of Intel Security, a company focused on developing proactive, proven security solutions and services that protect systems, networks, and mobile devices, from April 2013 to January 2015.

•