

MDU RESOURCES GROUP INC  
Form 11-K  
June 16, 2009

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

FORM 11-K

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

£ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-3480

MDU RESOURCES GROUP, INC.  
401(k) RETIREMENT PLAN  
(Full title of the plan)

MDU RESOURCES GROUP, INC.  
(Name of issuer of securities held pursuant to the plan)

MDU RESOURCES GROUP, INC.  
1200 WEST CENTURY AVENUE  
P.O. BOX 5650  
BISMARCK, NORTH DAKOTA 58506-5650  
(Address of the plan and address of the issuer's principal executive offices)

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

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
December 31,

	2008	2007
Assets:		
Investments at fair value (Notes 3 and 6)	\$ 499,254,094	\$ 593,487,510
Cash and cash equivalents (Note 4)	1,623,266	4,302,408
	500,877,360	597,789,918
Receivables:		
Employer contributions	6,691,330	7,826,171
Participant contributions	1,278,842	1,235,172
Dividends	1,666,335	1,587,214
Net assets available for benefits at fair value	510,513,867	608,438,475
Adjustment from fair value to contract value for fully benefit-responsive investment contract (Note 5)	11,268,863	396,121
Net assets available for benefits	\$ 521,782,730	\$ 608,834,596

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

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

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
Year ended December 31, 2008

Additions to Net Assets Attributed to:

Investment income:

Dividends	\$ 6,335,260
Interest	4,210,451
	10,545,711

Contributions:

Employers	20,287,901
Participants	32,123,541
Participant rollovers	22,528,305
	74,939,747

Total additions	85,485,458
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Deductions from Net Assets Attributed to:

Net realized/unrealized depreciation in fair value of investments (Note 3)	142,091,207
Distributions to terminated participants	64,236,474
Administrative expenses	108,256

Total deductions	206,435,937
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Net decrease in net assets available for benefits before plan merger	(120,950,479)
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Transfer of assets due to plan merger (Note 7)	33,898,613
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Net assets available for benefits at beginning of year	608,834,596
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Net assets available for benefits at end of year	\$ 521,782,730
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The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan

The following description of the MDU Resources Group, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan, formerly the MDU Resources Group, Inc. Tax Deferred Compensation Savings Plan, was initially adopted by the Board of Directors of MDU Resources Group, Inc. (the Company) on August 4, 1983, to be effective January 1, 1984. The Plan is a defined contribution plan. On January 1, 1999, the name was changed and the Plan was amended to reflect the merger of the MDU Resources Group, Inc. Tax Deferred Compensation Savings Plan for Collective Bargaining Unit Employees (the Bargaining Plan) into the Plan. Each participant in the Bargaining Plan automatically became a participant in the Plan. The merger and the transfer of assets were effectuated in accordance with Sections 401(a)(12), 411(d)(6) and 414(l) of the Internal Revenue Code of 1986, as amended (the Code), and the regulations thereunder. On May 25, 2006, the Plan designated the portion of the Plan invested in MDU Resources Group, Inc. Common Stock Fund as an Employee Stock Ownership Plan (ESOP).

The Company and any of its direct or indirect subsidiaries that participate in the Plan are the Employers (the Employers). The fiscal year of the Plan is the calendar year. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Board of Directors of the Company may, at any time, amend or modify the Plan. The Company has delegated to the Employee Benefits Committee (the Committee) the authority to amend or modify the Plan; however, certain amendments identified in the plan document are subject to approval by the Board of Directors of the Company.

Although it has not expressed any intent to do so, the Board of Directors of the Company has the right under the Plan to discontinue its contributions, at any time, and to terminate the Plan subject to the provisions of ERISA. The Board of Directors of any Employer may, at any time, terminate participation in the Plan with respect to such Employer. In the event of a Plan termination, participants would become 100 percent vested in their employer contributions.

The Committee is the plan administrator. The Committee consists of those individuals serving from time to time in the position of or related position of the following: Chief Administrative Officer of the Company, Chief Financial Officer of the Company, Vice President – Human Resources of the Company, and any number of other individuals appointed by the Chief Executive Officer of the Company who are employed by the Company or an affiliate of the Company. The recordkeeper and trustee of the Plan are New York Life Investment Management LLC (the Recordkeeper) and New York Life Trust Company (the Trustee), respectively.

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

NOTES TO FINANCIAL STATEMENTS

**Eligibility**

Generally, employees may participate in the Plan upon hire if they are at least 18 years of age and regular full-time employees or part-time employees with at least 1,000 hours of service in a year.

**Deferred Savings Contributions**

The Plan allows participants who are highly compensated employees to elect pre-tax deferral contributions varying from one percent through 22 percent and participants who are not highly compensated employees to elect pre-tax deferral contributions varying from one percent to 50 percent, in one percent increments, of eligible compensation for each pay period, up to a maximum pre-tax deferral contribution of \$15,500 for the 2008 Plan year. The Plan also allows participants who are eligible to make pre-tax deferral contributions and will have attained age 50 before the close of the Plan year to make catch-up elective deferrals of up to \$5,000 for 2008.

**Employer Matching Contributions**

Each participant's Employer may elect to provide a standard matching contribution, equal to a percentage of such participant's monthly pre-tax deferral contributions up to a specified percent of the participant's compensation as provided under the Plan or as adopted by the Employer and approved by the Committee. In addition, the participant's Employer may make an additional discretionary variable matching contribution based on the Employer's attainment of pre-determined earnings levels. All matching contributions are made in cash to the participant's Matching Contribution Account and invested as directed by the participant.

**Profit Sharing/Special Contributions**

Profit sharing contributions are made based on the discretion of the Board of Directors of the Company or Board of Directors of any of the Employers. Special contributions are nondiscretionary contributions made to certain eligible employees equal to a certain percent of their eligible compensation or an amount based on hours worked. Participants may choose to invest profit sharing/special contributions allocated to their individual accounts in any or all of the available investment options. Profit sharing/special contributions totaling \$8.7 million were credited to participant accounts for the year ended December 31, 2008.

**Rollover Contributions**

The Plan accepts rollover contributions from an eligible retirement plan or an individual retirement account that holds only assets distributed from a qualified plan, including after-tax employee contributions.

**Participant Accounts**

The Employers remit all authorized contributions made by the participants to the Trustee to be held in trust and invested for the respective accounts of the participants, pursuant to the terms of a trust agreement effective January 1, 1998, as amended. Individual accounts are maintained for each participant of the Plan. Each participant's account is credited with deferred savings contributions, employer matching contributions, profit sharing/special contributions, rollover contributions and allocated investment earnings and losses.

MDU RESOURCES GROUP, INC.  
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NOTES TO FINANCIAL STATEMENTS

Investment Options

An election is made by each participant to allocate contributions in one percent increments to any or all of the following 19 currently available investment options:

- MDU Resources Group, Inc. Common Stock Fund (MDU Resources Stock Fund)
  - New York Life Insurance Anchor Account - Stable Value Fund
- AllianceBernstein International Value Fund - International Value Mutual Fund
  - Allianz NFJ Small Cap Value Fund – Small-Cap Value Fund
- American Funds - EuroPacific Growth Fund - International Growth Mutual Fund
  - American Funds - The Growth Fund of America - Growth Mutual Fund
    - Baron Asset Fund - Growth Mutual Fund
    - Davis New York Venture Fund - Growth Mutual Fund
  - Dodge & Cox Balanced Fund - Growth and Income Mutual Fund
    - Forward Small Cap Equity Fund - Growth Mutual Fund
    - MainStay Indexed Bond Fund - Income Mutual Fund
  - MainStay S&P 500 Index Fund - Growth and Income Mutual Fund
    - Royce Total Return Fund - Small-Cap Value Fund
- T. Rowe Price Retirement 2010 Fund – Growth and Income Mutual Fund
- T. Rowe Price Retirement 2015 Fund – Growth and Income Mutual Fund
- T. Rowe Price Retirement 2020 Fund – Growth and Income Mutual Fund
- T. Rowe Price Retirement 2025 Fund – Growth and Income Mutual Fund
- T. Rowe Price Retirement 2030 Fund – Growth and Income Mutual Fund
- T. Rowe Price Retirement 2035 Fund – Growth and Income Mutual Fund

In September 2008, the MainStay Small Cap Opportunity Fund was replaced with the Allianz NFJ Small Cap Value Fund. In October 2008, the T. Rowe Price Retirement target date funds were added to the Plan as available investment options.

Contributions to the MDU Resources Stock Fund are used by the Trustee to purchase shares of MDU Resources Group, Inc. common stock directly on the open market, or to purchase shares of authorized but unissued common stock directly from the Company if the Company chooses to issue new stock. Open market purchases may be made at such prices as the Trustee may determine in its sole and absolute discretion.

Vesting

A participant's interest in a Deferred Savings Contribution Account, Matching Contribution Account or a Rollover Account is at all times fully vested and nonforfeitable. Generally, a participant's interest in a Profit Sharing/Special Contribution Account is 100 percent vested after completing three years of service; however, certain grandfathered vesting schedules are maintained due to plan mergers. Participants are 100 percent vested in the dividends paid on the MDU Resources Stock Fund regardless of years of service. Participant accounts are valued on a daily basis.

MDU RESOURCES GROUP, INC.  
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NOTES TO FINANCIAL STATEMENTS

Distributions and Withdrawals

The amount credited to a participant's Deferred Savings Contribution Account, Matching Contributions Account and Rollover Account shall become payable to the participant or the participant's beneficiary/beneficiaries, as applicable, upon death, retirement, disability, or other termination of employment with the Employers. The distribution of such amounts will be in accordance with the Plan, based on the method of payment elected by the participant or designated beneficiary/beneficiaries. Generally, the Plan only allows single-sum distributions or annual installments over a period of time, not to exceed five years; however, certain grandfathered distribution features are maintained due to plan mergers.

Distributions with respect to investment options other than the MDU Resources Stock Fund are in the form of cash. Distributions with respect to the MDU Resources Stock Fund are in the form of a Direct Registration System statement, except for distributions of fractional shares which are in the form of cash. Any MDU Resources Group, Inc. Common Stock included in a direct transfer to an individual retirement account or other qualified plan will be electronically transferred to the individual retirement account or to the qualified plan's custodian.

A participant may make in-service withdrawals (hardship or age 59 1/2) under certain conditions. Distributions from a participant's Rollover Account may be elected at any time.

Participant Loans

A participant may be eligible to obtain a loan from the Plan. The maximum amount available for a loan is the lesser of \$50,000 or one-half of the participant's vested account balance, subject to certain limitations. Loans must be repaid over specified periods through payroll deduction and bear interest at a commercially reasonable rate in effect at the time the loan is made, as determined by the Committee.

Forfeited Accounts

Forfeited non-vested accounts are used to reduce employer profit sharing contributions to the Plan, and remaining amounts are carried forward to future years. Forfeited non-vested accounts totaled approximately \$1.2 million at December 31, 2008. Approximately \$488,000 in forfeitures were used to reduce employer profit sharing contributions for the year ended December 31, 2008.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are maintained on an accrual basis.

Investment Valuation

Investments held by the Plan are carried at fair value. Fair value for the MainStay Cash Reserves Fund approximates cost. The Plan's other investment valuations, as determined by the Trustee, are based on published market quotations with the exception of the fully benefit-responsive investment contract. The fully benefit-responsive investment contract is stated at fair value and





MDU RESOURCES GROUP, INC.  
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NOTES TO FINANCIAL STATEMENTS

then adjusted to contract value.

**New Accounting Standard**

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements with certain exceptions. SFAS No. 157 was effective for the Plan on January 1, 2008. The adoption of SFAS No. 157 did not have a material effect on the Plan's net assets available for benefits.

**Benefit Payments**

Distributions to Plan participants are recorded when paid.

**Contributions**

Employer and participant contributions are recorded by the Plan when received or determined to be receivable. Participant contributions are deposited with the Plan by the Employers through payroll reductions.

**Administrative Expenses**

Administrative expenses of the Plan related to Trustee, recordkeeping, legal and audit fees are paid primarily by the Employers. Fees or commissions associated with each of the investment options other than the MDU Resources Stock Fund are paid primarily by participants as a deduction from the amount invested or an offset to investment earnings and were approximately \$1.8 million for the year ended December 31, 2008. Administrative expenses of the Plan related to the MDU Resources Stock Fund commissions and loan fees were paid by the Plan and were approximately \$108,000 for the year ended December 31, 2008. All other administrative expenses were paid by the Company.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Risks and Uncertainties**

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is likely that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

MDU RESOURCES GROUP, INC.  
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NOTES TO FINANCIAL STATEMENTS

Other

Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned.

3. Investments

The following presents investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31:

	2008	2007
MDU Resources Stock Fund	\$ 233,057,375	\$ 300,017,466
New York Life Insurance Anchor Account	83,970,664	58,641,101
Dodge & Cox Balanced Fund	34,858,918	50,508,498
The Growth Fund of America	26,547,261	35,872,042
MainStay S&P 500 Index Fund	*	33,587,335

\* Amount less than 5 percent of the Plan's net assets available for benefits.

During 2008, the fair value of the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated as follows:

MDU Resources Stock Fund	\$ 58,107,958
Mutual Funds	83,983,249
	\$ 142,091,207

4. Cash and Cash Equivalents

Cash and cash equivalents represent funds temporarily invested in the MainStay Cash Reserves Fund to provide liquidity for fund reallocations and distributions of the MDU Resources Stock Fund.

5. Investment Contract with Insurance Company

The Plan has a fully benefit-responsive investment contract with New York Life Insurance Company (NYL Insurance). NYL Insurance maintains the contributions in a general account, which is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at fair value and then adjusted to contract value as reported to the Plan by NYL Insurance. Contract value represents contributions made under the contract, plus interest and dividends credited, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The contract has certain restrictions that impact the ability to collect the full contract value. For example, withdrawals due to events initiated by the Company including, but not limited to, total or partial termination of the Plan, group lay-offs or early retirement incentives, may result in a penalty if



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

NOTES TO FINANCIAL STATEMENTS

these withdrawals exceed limitations defined in the contract. The Company believes that the occurrence of events that would cause the plan to transact at less than contract value is not probable. NYL Insurance may not terminate the contract at any amount less than contract value.

NYL Insurance is contractually obligated to pay the principal and any interest and dividends that have been credited to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0 percent. Such interest rates are reviewed not less frequently than quarterly nor more frequently than daily for resetting.

	2008	2007
Average yields:		
Based on annualized earnings *	5.17%	5.28%
Based on interest rate credited to participants **	4.83%	4.97%

\*Computed by dividing the annualized one-day actual earnings of the contract on the last day of the plan year by the fair value of the investments on the same date.

\*\*Computed by dividing the annualized one-day earnings credited to participants on the last day of the plan year by the fair value of the investments on the same date. The difference between annualized earnings and the interest rate credited to participants is due to a 30 basis point administrative fee.

6. Fair Value Measurements

On January 1, 2008, the Plan adopted SFAS No. 157, as discussed in Note 2.

SFAS No. 157 defines fair value 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 statement establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS No. 157 establishes three levels of inputs that may be used to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quotes prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of these assets or liabilities; or
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.



MDU RESOURCES GROUP, INC.  
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NOTES TO FINANCIAL STATEMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2008.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds/money market fund: Valued at the net asset value of shares held by the Plan at year end, based on published market quotations on active markets.

Investment contract: Investment in the fully benefit-responsive investment contract is valued based on the Plan's pro-rata share of the pooled separate account at year end. The pooled separate account is not available in an exchange and active market, however, the fair value is determined based on the pro-rata share of underlying investments in the pooled separate account.

Participant loans: Valued at remaining unpaid principal balance plus accrued interest, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan's assets measured at fair value are as follows:

	Fair Value Measurements at December 31, 2008, Using			
	Balance at December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Common stock	\$ 233,057,375	\$ 233,057,375	\$ ---	\$ ---
Mutual funds	180,307,409	180,307,409	---	---
Investment contract	72,701,801	---	72,701,801	---
Participant loans	13,187,509	---	---	13,187,509
Money market fund	1,623,266	1,623,266	---	---
Total assets measured at fair value	\$ 500,877,360	\$ 414,988,050	\$ 72,701,801	\$ 13,187,509

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

NOTES TO FINANCIAL STATEMENTS

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2008:

		Participant Loans
Balance, beginning of year	\$	11,517,506
Issuances and settlements (net)		1,670,003
Balance, end of year	\$	13,187,509

7. Plan Merger

On September 9, 2008, the Cascade Natural Gas Corporation Employee Retirement Savings Plan and Trust (Cascade Plan) merged into the Plan. The net assets transferred by the Cascade Plan were \$33.9 million.

8. Federal Income Taxes

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated March 27, 2009, that the Plan and related trust are designed for qualification as exempt from federal income taxes in accordance with applicable sections of the Code. The IRS based its determination on the application the Plan submitted on January 30, 2007. Although the Plan has been amended since submitting the determination letter application, the Company believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. The Plan will take all necessary steps to maintain its qualified tax status.

9. Related-Party Transactions

The New York Life Insurance Anchor Account, MainStay Indexed Bond Fund, MainStay S&P 500 Index Fund and MainStay Cash Reserves Fund are managed by and are related parties to the Trustee. These arrangements qualify as exempt party-in-interest transactions.

10. Prohibited Transactions

There were no nonexempt prohibited transactions with respect to the Plan during the plan year ended December 31, 2008.



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

NOTES TO FINANCIAL STATEMENTS

11. Reconciliation of the Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2008	2007
Net assets available for benefits per the financial statements	\$ 521,782,730	\$ 608,834,596
Adjustment from contract value to fair value for fully benefit-responsive investment contract	(11,268,863)	---
Deemed distributions	(59,648)	(2,490)
Net assets available for benefits per the Form 5500	\$ 510,454,219	\$ 608,832,106

The following is a reconciliation of investment net loss per the financial statements for the year ended December 31, 2008 to the Form 5500:

Total investment net loss per the financial statements*	\$ (131,545,496)
Adjustment from contract value to fair value for fully benefit-responsive investment contract	(11,268,863)
Total investment net loss per the Form 5500	\$ (142,814,359)

\* Includes investment income and net realized/unrealized depreciation in fair value of investments.

The following is a reconciliation of distributions to participants per the financial statements for the year ended December 31, 2008 to the Form 5500:

Distributions to participants per the financial statements	\$ 64,236,474
Less: Corrective distributions	(3,554)
Less: Deemed distributions at December 31, 2007	(2,490)
Benefits paid to participants per the Form 5500	\$ 64,230,430

SUPPLEMENTAL  
SCHEDULES

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

EMPLOYER IDENTIFICATION NUMBER (41-0423660) - PLAN NUMBER (004)  
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 31, 2008

Issuer	Description	Cost	Current Value
MDU Resources Group, Inc. Common Stock *	10,799,693 shares	\$145,477,996	\$233,057,375
Mutual Funds:			
AllianceBernstein International Value Fund	684,455 units	13,360,723	7,049,882
Allianz NFJ Small Cap Value Fund	344,075 units	9,655,386	6,847,100
American Funds - EuroPacific Growth Fund	417,964 units	17,217,179	11,519,101
American Funds - The Growth Fund of America	1,306,460 units	36,519,883	26,547,261
Baron Asset Fund	314,411 units	16,423,930	11,202,449
Davis New York Venture Fund	632,922 units	20,254,383	14,949,609
Dodge & Cox Balanced Fund	680,041 units	51,435,903	34,858,918
Forward Small Cap Equity Fund	513,553 units	9,406,062	6,152,370
MainStay Indexed Bond Fund *	2,128,726 units	23,020,401	23,586,283
MainStay S&P 500 Index Fund *	1,066,303 units	30,547,744	22,051,138
Royce Total Return Fund	678,516 units	8,256,609	5,903,087
T Rowe Price Retirement 2010 Fund	150,468 units	1,748,418	1,686,749
T Rowe Price Retirement 2015 Fund	351,325 units	3,026,464	2,915,995
T Rowe Price Retirement 2020 Fund	161,854 units	1,850,985	1,798,203
T Rowe Price Retirement 2025 Fund	82,430 units	687,888	654,493
T Rowe Price Retirement 2030 Fund	120,179 units	1,415,516	1,341,199
T Rowe Price Retirement 2035 Fund	159,637 units	1,297,793	1,243,572
Money Market Fund:			
MainStay Cash Reserves Fund *	1,623,266 units	1,623,266	1,623,266
Investment Contract:			
New York Life Insurance Anchor Account *	83,970,664 units	83,970,664	72,701,801
Participant Loan Funds *	4.25% to 12.50%**	---	13,187,509
		\$477,197,193	\$500,877,360

\* Indicates party-in-interest investment.

\*\* Loan maturities range from January 1, 2009, through October 23, 2023.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MDU Resources Group, Inc.

We have audited the accompanying statements of net assets available for benefits of MDU Resources Group, Inc. 401(k) Retirement Plan (the "Plan") as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of the Plan, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, MN  
June 15, 2009

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefits Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

MDU Resources Group, Inc.  
401(k) Retirement Plan

Date: June 16, 2009

By /s/ Vernon A. Raile  
Vernon A. Raile  
Chairman, Employee Benefits  
Committee

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-158572 and No. 333-139156 of MDU Resources Group, Inc. on Form S-8 of our report dated June 15, 2009, appearing in this Annual Report on Form 11-K of the MDU Resources Group, Inc. 401(k) Retirement Plan for the year ended December 31, 2008.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, MN  
June 15, 2009

