

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.

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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.

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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.

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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.