

MDU RESOURCES GROUP, INC.

BOARD OF DIRECTORS' AUDIT COMMITTEE

CHARTER

Members

Dennis W. Johnson, Chairman
John L. Olson
Harry J. Pearce
John K. Wilson

Purpose

The Audit Committee assists the Board in fulfilling its oversight responsibilities to the stockholders, and serves as a communication link among the Board, management, the independent auditors, and the internal auditors. The Audit Committee (a) assists the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors; and (b) prepares the report that Securities and Exchange Commission rules require be included in the Company's annual proxy statement.

Authority and Responsibilities

The Audit Committee shall:

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services and the independent auditors shall report directly to the Audit Committee. The Audit Committee shall pre-approve all audit and non-audit services by the independent auditors as required by applicable law and the rules of the New York Stock Exchange (the "NYSE").
2. Review annually the overall plan of the audit as proposed by the independent auditors, including the

scope of the examination to be performed, the assistance to be provided by the internal auditors and any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.

3. Review and discuss with management and the independent auditors, before filing with the Securities and Exchange Commission, the annual audited financial statements and quarterly financial statements. Review with the independent auditors and management the results of the audit and the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Discuss matters required to be communicated to audit committees in accordance with Statement on Auditing Standards No. 61.
4. Recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.
5. Review with the independent auditors any audit problems or difficulties and management's response.
6. Report to the Board on the scope and results of the annual audit, including a report prepared in accordance with Item 306 of Regulation S-K to be included in the Company's proxy statement, and from time to time report on other activities of the Committee and recommend to the Board such changes, additions or variations in the auditing, accounting and control functions as the Committee may deem desirable.
7. Actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and recommend that the Board take appropriate action in response to the independent auditors' written statement to satisfy itself of the independent auditors' independence.
8. With the independent auditors, management and the internal auditors, periodically review and discuss significant (a) financial reporting issues and practices, and critical accounting policies and estimates, (b) issues regarding accounting principles

and financial statement presentation (including any significant changes in the Company's selection or application of accounting principles), and (c) issues as to the adequacy of the Company's internal control systems and compliance with applicable laws and regulations. Assess management's attitude toward internal controls, the process for establishing and monitoring internal control systems and any special audit steps adopted in light of material control deficiencies.

9. Review annually the scope and results of the internal audit program. Review with the internal audit manager compliance with appropriate audit standards.
10. Review and concur in the appointment or replacement of the internal audit manager.
11. Periodically evaluate whether rotation of the independent auditor firm would be in the best interests of the Company considering, among other things, auditor independence, audit quality, costs and any loss of institutional knowledge. (The lead audit partner, concurring audit partner, and other auditors of the independent auditor shall be subject to rotation in accordance with the Sarbanes-Oxley Act of 2002 and Regulation S-X of the Securities and Exchange Commission.)
12. At least annually, obtain and review a report by the independent auditors describing: the independent auditors' internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (to assess the independent auditors' independence) all relationships between the independent auditors and the Company.
13. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

14. Discuss with management policies with respect to risk assessment and risk management.
15. Meet at least quarterly with management, the internal audit manager, and the independent auditors in separate executive sessions. The Audit Committee shall meet at such times and report to the Board regarding its deliberations, as necessary.
16. On a quarterly basis, the Chair of the Committee shall perform a review of the expense reports of the Chief Executive Officer.
17. Set clear hiring policies for employees or former employees of the independent auditors.
18. Report regularly to the Board of Directors on any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors and the performance of the internal audit function.
19. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
20. Perform an annual performance evaluation of the Audit Committee.
21. Review the Code of Conduct report presented annually by the General Counsel.
22. Review and reassess the adequacy of the Audit Committee Charter on an annual basis.
23. Conduct or authorize investigations into any activities it deems necessary and appropriate.
24. Retain and discharge, and approve fees and other terms and conditions for retention of, independent experts in accounting and auditing, legal counsel and other experts or advisors as it may deem appropriate.

25. Direct any officer or employee of the Company or request any employee of the Company's independent auditors, outside legal counsel or such other individual as it may deem appropriate to attend Audit Committee meetings or meet with any Audit Committee members.

Composition

The Audit Committee is a standing committee of the Board. The Audit Committee shall consist of not less than three members of the Board, each of whom (A) satisfies the requirements for independence pursuant to law and the listing standards of the NYSE, and (B) is financially literate as required by the listing standards of the NYSE. At least one Committee member shall have accounting or related financial management expertise as required by the listing standards of the NYSE. Committee members may not serve on audit committees of more than two other publicly traded companies. Committee members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Resources

The Audit Committee shall have the resources and appropriate funding, as determined by the Audit Committee, to discharge its duties and responsibilities including, without limitation, funding for the payment of (i) compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisors employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Delegation of Authority

The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals of audit and non-audit services to be performed by the Company's independent auditors, subject to such guidelines as the Audit Committee may determine. Any such decisions to pre-approve shall be presented to the Audit Committee at its next following regular meeting.

Date of Creation

August 3, 1972

Charter Adopted

January 31, 1979 and restated August 4, 1983, May 6, 1993, May 16, 1996, May 15, 1997, May 11, 2000, May 15, 2003, November 13, 2003, and February 17, 2005.

Date Issued

February 17, 2005