

MDU Resources Group, Inc.

Our Vision

With integrity, create superior shareholder value by expanding upon our expertise to be the supplier of choice in all of our markets while being a safe and great place to work.

Our Mission

Provide value-added natural resource products and related services that exceed customer expectations.

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NOTE: This information is not given in connection with any sale or offer for sale or offer to buy any security.

MDU Resources Group, Inc.**CONSOLIDATED STATEMENTS OF INCOME**

Years ended December 31,	2013	2012	2011	2010	2009	2008
	(In thousands)					
Operating revenues	\$4,462,404	\$4,075,431	\$4,050,492	\$3,909,695	\$4,176,501	\$5,003,278
Operating expenses:						
Fuel and purchased power.....	83,528	72,380	64,485	63,065	65,717	75,333
Purchased natural gas sold.....	505,065	425,220	572,187	567,806	739,678	765,900
Operation and maintenance.....	2,805,697	2,631,479	2,491,135	2,375,901	2,407,064	2,948,108
Depreciation, depletion and amortization.....	386,856	359,205	343,395	328,843	330,542	366,020
Taxes, other than income.....	188,359	176,140	172,923	163,353	166,597	200,080
Write-downs of oil and natural gas properties.....	—	391,800	—	—	620,000	135,800
Total operating expenses	3,969,505	4,056,224	3,644,125	3,498,968	4,329,598	4,491,241
Operating income (loss)	492,899	19,207	406,367	410,727	(153,097)	512,037
Earnings (loss) from equity method investments	(132)	5,383	4,693	30,816	8,499	6,627
Other income	6,768	6,642	6,520	8,018	9,331	4,012
Interest expense	83,917	76,699	81,354	83,011	84,099	81,527
Income (loss) before income taxes	415,618	(45,467)	336,226	366,550	(219,366)	441,149
Income taxes	136,736	(31,146)	110,274	122,530	(96,092)	147,476
Income (loss) from continuing operations	278,882	(14,321)	225,952	244,020	(123,274)	293,673
Income (loss) from discontinued operations, net of tax	(312)	13,567	(12,926)	(3,361)	—	—
Net income (loss)	278,570	(754)	213,026	240,659	(123,274)	293,673
Net loss attributable to noncontrolling interest	(363)	—	—	—	—	—
Dividends declared on preferred stocks	685	685	685	685	685	685
Earnings (loss) on common stock	\$ 278,248	\$ (1,439)	\$ 212,341	\$ 239,974	\$ (123,959)	\$ 292,988

Notes to Consolidated Financial Statements as shown in the Annual Report to Stockholders for each respective year are an integral part of these consolidated statements.

MDU Resources Group, Inc.
CONSOLIDATED BALANCE SHEETS

December 31,	2013	2012	2011	2010	2009	2008
	(In thousands)					
ASSETS						
Current assets:						
Cash and cash equivalents.....	\$ 45,225	\$ 49,042	\$ 162,772	\$ 222,074	\$ 175,114	\$ 51,714
Receivables, net.....	713,067	678,123	646,251	583,743	531,980	707,109
Inventories.....	282,391	317,415	274,205	252,897	249,804	261,524
Deferred income taxes.....	25,048	22,846	40,407	32,890	28,145	—
Commodity derivative instruments.....	1,447	18,304	27,687	15,123	7,761	78,164
Prepayments and other current assets.....	49,510	42,351	43,316	60,441	68,854	173,781
Total current assets.....	1,116,688	1,128,081	1,194,638	1,167,168	1,061,658	1,272,292
Investments.....	112,939	103,243	109,424	103,661	145,416	114,290
Property, plant and equipment	8,803,866	8,107,751	7,646,222	7,218,503	6,766,582	7,062,237
Less accumulated depreciation, depletion and amortization.....	3,872,487	3,608,912	3,361,208	3,103,323	2,872,465	2,761,319
Net property, plant and equipment.....	4,931,379	4,498,839	4,285,014	4,115,180	3,894,117	4,300,918
Deferred charges and other assets:						
Goodwill.....	636,039	636,039	634,931	634,633	629,463	615,735
Other intangible assets, net.....	13,099	17,129	20,843	25,271	28,977	28,392
Other.....	251,188	299,160	311,275	257,636	231,321	256,218
Total deferred charges and other assets.....	900,326	952,328	967,049	917,540	889,761	900,345
Total assets.....	\$7,061,332	\$6,682,491	\$6,556,125	\$6,303,549	\$5,990,952	\$6,587,845
LIABILITIES AND EQUITY						
Current liabilities:						
Short-term borrowings.....	\$ 11,500	\$ 28,200	\$ —	\$ 20,000	\$ 10,300	\$ 105,100
Long-term debt due within one year.....	12,277	134,108	139,267	72,797	12,629	78,666
Accounts payable.....	404,961	388,015	337,228	301,132	281,906	432,358
Taxes payable.....	74,175	46,475	70,176	56,186	55,540	49,784
Deferred income taxes.....	—	—	—	—	—	20,344
Dividends payable.....	33,737	171	31,794	30,773	29,749	28,640
Accrued compensation.....	69,661	48,448	47,804	40,121	47,425	55,646
Commodity derivative instruments.....	7,483	—	13,164	24,428	36,907	56,529
Other accrued liabilities.....	171,106	204,698	259,320	222,639	192,729	140,408
Total current liabilities.....	784,900	850,115	898,753	768,076	667,185	967,475
Long-term debt.....	1,842,286	1,610,867	1,285,411	1,433,955	1,486,677	1,568,636
Deferred credits and other liabilities:						
Deferred income taxes.....	859,306	755,102	769,166	672,269	590,968	727,857
Other liabilities.....	718,938	818,159	827,228	736,447	674,475	562,801
Total deferred credits and other liabilities.....	1,578,244	1,573,261	1,596,394	1,408,716	1,265,443	1,290,658
Equity:						
Preferred stocks.....	15,000	15,000	15,000	15,000	15,000	15,000
Common stockholders' equity:						
Common stock.....	189,869	189,369	189,332	188,901	188,389	184,208
Other paid-in capital.....	1,056,996	1,039,080	1,035,739	1,026,349	1,015,678	938,299
Retained earnings.....	1,603,130	1,457,146	1,586,123	1,497,439	1,377,039	1,616,830
Accumulated other comprehensive income (loss).. Treasury stock at cost.....	(38,205) (3,626)	(48,721) (3,626)	(47,001) (3,626)	(31,261) (3,626)	(20,833) (3,626)	10,365 (3,626)
Total common stockholders' equity.....	2,808,164	2,633,248	2,760,567	2,677,802	2,556,647	2,746,076
Total stockholders' equity.....	2,823,164	2,648,248	2,775,567	2,692,802	2,571,647	2,761,076
Noncontrolling interest.....	32,738	—	—	—	—	—
Total equity.....	2,855,902	2,648,248	2,775,567	2,692,802	2,571,647	2,761,076
Total liabilities and equity.....	\$7,061,332	\$6,682,491	\$6,556,125	\$6,303,549	\$5,990,952	\$6,587,845

Notes to Consolidated Financial Statements as shown in the Annual Report to Stockholders for each respective year are an integral part of these consolidated statements.

MDU Resources Group, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,	2013	2012	2011	2010	2009	2008
	(In thousands)					
Operating activities:						
Net income (loss).....	\$ 278,570	\$ (754)	\$ 213,026	\$ 240,659	\$ (123,274)	\$ 293,673
Income (loss) from discontinued operations, net of tax.....	(312)	13,567	(12,926)	(3,361)	—	—
Income (loss) from continuing operations.....	278,882	(14,321)	225,952	244,020	(123,274)	293,673
Adjustments to reconcile net income (loss) to net of cash provided by operating activities:						
Depreciation, depletion and amortization.....	386,856	359,205	343,395	328,843	330,542	366,020
Earnings (loss), net of distributions, from equity method investments.....	2,281	(618)	(2,111)	(26,158)	(3,018)	365
Deferred income taxes.....	86,778	(7,503)	118,925	66,585	(169,764)	64,890
Unrealized (gain) loss on commodity derivatives.....	6,267	624	(1,827)	*	*	*
Write-downs of oil and natural gas properties.....	—	391,800	—	—	620,000	135,800
Changes in current assets and liabilities, net of acquisitions.	24,785	(108,102)	(25,474)	(41,067)	196,883	(66,713)
Other noncurrent changes.....	(43,937)	(33,665)	(31,538)	(20,271)	(4,683)	(7,848)
Net cash provided by continuing operations.....	741,912	587,420	627,322	551,952	846,686	786,187
Net cash provided by (used in) discontinued operations.....	281	(2,680)	(674)	(319)	—	—
Net cash provided by operating activities.....	742,193	584,740	626,648	551,633	846,686	786,187
Investing activities:						
Capital expenditures.....	(909,400)	(872,920)	(497,000)	(449,282)	(448,675)	(746,478)
Acquisitions, net of cash acquired.....	—	(67,261)	(157)	(104,812)	(6,410)	(533,543)
Net proceeds from sale or disposition of property and other.....	124,541	40,110	40,107	76,386	26,679	86,927
Investments.....	302	9,725	(10,302)	704	(3,740)	85,773
Proceeds from sale of equity method investments.....	1,896	2,394	2,807	69,060	—	—
Net cash used in continuing operations.....	(782,661)	(887,952)	(464,545)	(407,944)	(432,146)	(1,107,321)
Net cash provided by discontinued operations.....	—	—	—	—	—	—
Net cash used in investing activities.....	(782,661)	(887,952)	(464,545)	(407,944)	(432,146)	(1,107,321)
Financing activities:						
Issuance of short-term borrowings.....	9,500	20,100	—	20,000	10,300	216,400
Repayment of short-term borrowings.....	—	—	(20,000)	(10,300)	(105,100)	(113,000)
Issuance of long-term debt.....	507,924	467,957	300	20,200	145,000	453,929
Repayment of long-term debt.....	(423,707)	(138,775)	(85,151)	(13,668)	(292,907)	(200,527)
Proceeds from issuance of common stock.....	14,554	88	5,744	4,972	65,207	15,011
Dividends paid.....	(98,405)	(159,768)	(123,323)	(119,157)	(115,023)	(108,591)
Excess tax benefit on stock-based compensation.....	—	26	1,239	1,186	601	4,441
Contribution from noncontrolling interest.....	27,000	—	—	—	—	—
Net cash provided by (used in) continuing operations.....	36,866	189,628	(221,191)	(96,767)	(291,922)	267,663
Net cash provided by discontinued operations.....	—	—	—	—	—	—
Net cash provided by (used in) financing activities.....	36,866	189,628	(221,191)	(96,767)	(291,922)	267,663
Effect of exchange rate changes on cash and cash equivalents.....	(215)	(146)	(214)	38	782	(635)
Increase (decrease) in cash and cash equivalents.....	(3,817)	(113,730)	(59,302)	46,960	123,400	(54,106)
Cash and cash equivalents - beginning of year.....	49,042	162,772	222,074	175,114	51,714	105,820
Cash and cash equivalents - end of year.....	\$ 45,225	\$ 49,042	\$ 162,772	\$ 222,074	\$ 175,114	\$ 51,714
Interest paid, net of amount capitalized.....	\$ 81,689	\$ 74,378	\$ 78,133	\$ 80,962	\$ 81,267	\$ 77,152
Income taxes paid (refunded), net.....	\$ 24,857	\$ 3,277	\$ (12,287)	\$ 46,892	\$ 39,807	\$ 113,212

* Information not available for periods prior to 2011.

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MDU Resources Group, Inc.
KEY FINANCIAL DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Capitalization ratios:						
Total equity.....	60%	60%	66%	64%	63%	61%
Total debt.....	40%	40%	34%	36%	37%	39%
	100%	100%	100%	100%	100%	100%
Employees (year end).....	9,133	8,629	8,021	7,895	8,081	10,074
Security ratings						
MDU Resources Issuer Rating/Corporate Credit Rating						
Fitch Ratings.....	A-					
Standard & Poor's.....	BBB+					
Reconciliation of GAAP to adjusted earnings (000's)						
GAAP earnings.....	\$ 278,248	\$ (1,439)	\$ 212,341	\$ 239,974	\$ (123,959)	\$ 292,988
Adjustments net of tax:						
Discontinued operations.....	312	(13,567)	(b)	(b)	(b)	(b)
Unrealized loss on commodity derivatives.....	3,947	392	(b)	(b)	(b)	(b)
Natural gas gathering asset impairment.....	8,984	1,666	(b)	(b)	(b)	(b)
Net benefit related to natural gas gathering operations						
litigation.....	(1,550)	(14,972)	(b)	(b)	(b)	(b)
Write-downs of oil and natural gas properties.....	—	246,834	(b)	(b)	(b)	(b)
Adjusted earnings on common stock.....	\$ 289,941	\$ 218,914	(b)	(b)	(b)	(b)
Adjusted EBITDA (000's) (c).....	\$ 905,011	\$ 763,183	(b)	(b)	(b)	(b)
Earnings (loss) per common share - diluted:						
Earnings (loss) before discontinued operations						
- diluted.....	\$ 1.47	\$ (.08)	\$ 1.19	\$ 1.29	\$ (0.67)	\$ 1.59
Discontinued operations, net of tax.....	—	.07	(.07)	(.02)	—	—
Earnings (loss) per common share - diluted (a).....	\$ 1.47	\$ (.01)	\$ 1.12	\$ 1.27	\$ (0.67)	\$ 1.59
Adjusted earnings per common share (c).....	\$ 1.53	\$ 1.16	(b)	(b)	(b)	(b)
Dividends declared per common share.....	\$.6950	\$.6750	\$.6550	\$.6350	\$.6225	\$.6000
Book value per common share.....	\$ 15.01	\$ 13.95	\$ 14.62	\$ 14.22	\$ 13.61	\$ 14.95
Market price ratios (year end)						
Dividend payout.....	47%	(d)	58%	50%	(d)	38%
Dividend yield (indicated annual rate).....	2.3%	3.2%	3.1%	3.2%	2.7%	2.9%
Price/earnings ratio.....	20.0x (e)	18.3x (e)	19.2x	16.0x	(d)	13.6x
Market value as a percent of book value.....	203.5%	152.3%	146.8%	142.5%	173.4%	144.3%
Market price per common share						
High.....	\$ 30.97	\$ 23.21	\$ 24.05	\$ 24.15	\$ 24.22	\$ 35.34
Low.....	21.50	19.59	18.00	17.11	12.79	15.50
Year end.....	30.55	21.24	21.46	20.27	23.60	21.58
Weighted average common shares						
outstanding - diluted (000's).....	189,693	188,826	188,905	188,229	185,175	183,807

- (a) Reflects noncash write-downs of oil and natural gas properties of \$246.8 million after tax in 2012, \$384.4 million after tax in 2009 and \$84.2 million after tax in 2008.
(b) Information not presented for periods prior to 2012.
(c) Based on adjusted earnings.
(d) Not meaningful due to effects of the after tax noncash write-downs of oil and natural gas properties, as previously discussed.
(e) Based on adjusted earnings per common share.

Note: The company believes that the non-GAAP financial measures shown above are useful to investors because the items excluded are not indicative of the company's continuing operating results. Also, the company's management uses these non-GAAP financial measures as indicators for planning and forecasting future periods. The presentation of this additional information is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

Electric

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 257,260	\$ 236,895	\$ 225,468	\$ 211,544	\$ 196,171	\$ 208,326
Operating expenses:						
Fuel and purchased power.....	83,528	72,380	64,485	63,065	65,717	75,333
Operation and maintenance.....	76,501	71,784	70,266	63,846	60,724	64,816
Depreciation, depletion and amortization.....	32,789	32,509	32,177	27,274	24,637	24,030
Taxes, other than income.....	10,168	10,370	9,444	9,063	8,384	8,732
Total operating expenses.....	202,986	187,043	176,372	163,248	159,462	172,911
Operating income.....	54,274	49,852	49,096	48,296	36,709	35,415
Other income.....	3,337	2,670	1,650	4,524	5,671	724
Interest expense.....	12,590	12,421	13,745	12,216	9,577	8,674
Income before income taxes.....	45,021	40,101	37,001	40,604	32,803	27,465
Income taxes.....	9,683	8,975	7,242	11,187	8,205	8,225
Net income.....	35,338	31,126	29,759	29,417	24,598	19,240
Dividends declared on preferred stocks.....	501	492	501	509	499	485
Earnings on common stock.....	\$ 34,837	\$ 30,634	\$ 29,258	\$ 28,908	\$ 24,099	\$ 18,755
Balance sheet data (000's)						
Property, plant and equipment.....	\$ 1,315,822	\$ 1,150,584	\$ 1,068,524	\$ 1,027,034	\$ 941,791	\$ 848,725
Less accumulated depreciation, depletion and amortization.....	502,944	474,622	463,848	446,689	427,328	410,467
Net property, plant and equipment.....	812,878	675,962	604,676	580,345	514,463	438,258
Other assets.....	71,405	84,362	68,264	63,291	55,203	41,381
Total identifiable assets.....	\$ 884,283	\$ 760,324	\$ 672,940	\$ 643,636	\$ 569,666	\$ 479,639
EBITDA (000's)*.....	\$ 90,400	\$ 85,031	\$ 82,923	\$ 80,094	\$ 67,017	\$ 60,169
Operating revenues by state						
North Dakota.....	62%	62%	61%	61%	58%	60%
Montana.....	22%	22%	23%	22%	24%	23%
South Dakota.....	6%	5%	6%	6%	7%	7%
Wyoming.....	10%	11%	10%	11%	11%	10%
	100%	100%	100%	100%	100%	100%
Other data						
Rate base - year end (000's).....	\$ 482,687	\$ 448,319	\$ 427,288	\$ 430,200	\$ 313,100	\$ 295,300
Average earned return on rate base	8.70%	8.90%	9.80%	9.90%	9.20%	9.70%
Gross plant investment per customer	\$ 9,738	\$ 8,702	\$ 8,376	\$ 8,211	\$ 7,665	\$ 6,956
Miles of transmission lines.....	3,065	3,063	3,025	3,025	3,023	3,019
Miles of distribution lines:						
Underground.....	1,721	1,656	1,597	1,574	1,550	1,523
Overhead.....	3,023	3,017	3,023	3,034	3,026	3,015
	4,744	4,673	4,620	4,608	4,576	4,538

* Based on earnings before preferred dividends

Electric**KEY FINANCIAL AND OPERATING DATA**

Years ended December 31,	2013	2012	2011	2010	2009	2008
Retail sales (thousand kWh)						
Residential.....	1,199,429	1,111,571	1,075,084	1,027,642	972,614	945,502
Commercial.....	1,381,521	1,317,680	1,257,958	1,228,940	1,163,094	1,149,920
Industrial.....	503,505	476,459	459,434	444,075	443,122	482,412
Other.....	88,631	90,818	86,376	85,053	84,730	85,618
Total retail sales.....	<u>3,173,086</u>	<u>2,996,528</u>	<u>2,878,852</u>	<u>2,785,710</u>	<u>2,663,560</u>	<u>2,663,452</u>
Retail sales customers served (year end)						
Residential.....	111,618	108,414	104,541	102,428	100,667	100,103
Commercial.....	21,284	21,348	20,604	20,176	19,736	19,479
Industrial.....	244	277	276	332	326	325
Other.....	1,488	1,736	1,715	1,726	1,723	1,708
	<u>134,634</u>	<u>131,775</u>	<u>127,136</u>	<u>124,662</u>	<u>122,452</u>	<u>121,615</u>
Average cost of coal per MMBtu.....	\$ 1.73	\$ 1.69	\$ 1.62	\$ 1.55	\$ 1.52	\$ 1.49
Average cost of coal per ton.....	\$ 25.32	\$ 24.77	\$ 23.38	\$ 22.60	\$ 22.05	\$ 21.45
Electricity produced (thousand kWh).....	2,430,001	2,299,686	2,488,337	2,472,288	2,203,665	2,538,439
Electricity purchased (thousand kWh).....	971,261	870,516	645,567	521,156	682,152	516,654
Cost of fuel and purchased power per kWh.....	\$.025	\$.023	\$.021	\$.021	\$.023	\$.025

Natural Gas Distribution

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008*
Income statement data (000's)						
Operating revenues.....	\$ 851,945	\$ 754,848	\$ 907,400	\$ 892,708	\$ 1,072,776	\$ 1,036,109
Operating expenses:						
Purchased natural gas sold.....	534,746	457,428	594,573	589,306	757,613	757,616
Operation and maintenance.....	142,340	139,382	137,361	137,367	140,435	123,624
Depreciation, depletion and amortization.....	50,031	45,731	44,641	43,044	42,723	32,566
Taxes, other than income.....	45,999	44,728	47,969	47,294	55,106	45,416
Total operating expenses.....	773,116	687,269	824,544	817,011	995,877	959,222
Operating income.....	78,829	67,579	82,856	75,697	76,899	76,887
Other income.....	767	2,754	2,101	2,590	1,070	918
Interest expense.....	25,123	28,726	29,444	28,996	30,656	24,004
Income before income taxes.....	54,473	41,607	55,513	49,291	47,313	53,801
Income taxes.....	16,633	12,005	16,931	12,171	16,331	18,827
Net income.....	37,840	29,602	38,582	37,120	30,982	34,974
Dividends declared on preferred stocks.....	184	193	184	176	186	200
Earnings on common stock.....	\$ 37,656	\$ 29,409	\$ 38,398	\$ 36,944	\$ 30,796	\$ 34,774
Balance sheet data (000's)						
Property, plant and equipment	\$ 1,776,901	\$ 1,689,950	\$ 1,568,866	\$ 1,508,845	\$ 1,456,208	\$ 1,429,487
Less accumulated depreciation, depletion and amortization.....	642,406	616,806	582,825	558,247	546,324	671,769
Net property, plant and equipment.....	1,134,495	1,073,144	986,041	950,598	909,884	757,718
Other assets.....	651,573	630,315	693,050	681,414	678,260	790,287
Total identifiable assets.....	\$ 1,786,068	\$ 1,703,459	\$ 1,679,091	\$ 1,632,012	\$ 1,588,144	\$ 1,548,005
EBITDA (000's)**	\$ 129,627	\$ 116,064	\$ 129,598	\$ 121,331	\$ 120,692	\$ 110,371
Operating revenues by state						
Idaho*.....	34%	33%	33%	31%	32%	13%
Minnesota.....	4%	3%	4%	4%	3%	5%
Montana.....	8%	8%	8%	8%	7%	10%
North Dakota.....	14%	12%	12%	12%	11%	15%
Oregon.....	8%	9%	9%	9%	9%	11%
South Dakota.....	6%	6%	6%	6%	6%	8%
Washington.....	24%	27%	26%	28%	30%	36%
Wyoming.....	2%	2%	2%	2%	2%	2%
	100%	100%	100%	100%	100%	100%
Other data						
Rate base - year end (000's).....	\$ 648,708	\$ 621,033	\$ 583,003	\$ 595,800	\$ 586,200	\$ 603,500
Average earned return on rate base	8.40%	8.30%	10.60%	9.70%	9.30%	11.00%
Gross plant investment per sales customer	\$ 2,014	\$ 1,966	\$ 1,852	\$ 1,797	\$ 1,755	\$ 1,724
Miles of distribution lines.....	18,509	18,245	18,040	17,854	17,274	17,035
Maximum day sendout (Mdk)	1,324	1,175	1,197	1,235	1,453	1,261

* Intermountain was acquired on October 1, 2008.

** Based on earnings before preferred dividends

Natural Gas Distribution

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008*
Sales volumes (Mdk)						
Residential.....	62,085	53,878	59,840	55,247	59,377	45,301
Commercial.....	42,028	36,417	39,437	36,444	39,104	31,930
Industrial.....	4,147	3,515	3,960	3,789	4,189	10,693
	<u>108,260</u>	<u>93,810</u>	<u>103,237</u>	<u>95,480</u>	<u>102,670</u>	<u>87,924</u>
Transportation volumes (Mdk)						
Commercial.....	1,991	1,699	1,749	1,709	1,755	1,706
Industrial.....	147,499	130,311	122,478	134,114	130,934	101,798
	<u>149,490</u>	<u>132,010</u>	<u>124,227</u>	<u>135,823</u>	<u>132,689</u>	<u>103,504</u>
	<u>257,750</u>	<u>225,820</u>	<u>227,464</u>	<u>231,303</u>	<u>235,359</u>	<u>191,428</u>
Sales customers served (year end)						
Residential.....	777,544	761,725	750,655	743,901	735,628	729,325
Commercial.....	98,727	96,857	95,241	94,497	93,062	92,311
Industrial and other.....	701	647	625	710	674	678
	<u>876,972</u>	<u>859,229</u>	<u>846,521</u>	<u>839,108</u>	<u>829,364</u>	<u>822,314</u>
Transportation customers served						
Commercial.....	109	106	112	114	122	128
Industrial.....	408	402	392	387	383	341
Other.....	—	—	—	—	—	1
	<u>517</u>	<u>508</u>	<u>504</u>	<u>501</u>	<u>505</u>	<u>470</u>
Average cost of natural gas, including transportation, per dk.....						
	\$ 4.94	\$ 4.88	\$ 5.76	\$ 6.17	\$ 7.38	\$ 8.14
Degree days - percent of normal**						
Montana-Dakota/Great Plains.....	105%	84%	101%	98%	104%	103%
Cascade.....	98%	96%	103%	96%	105%	108%
Intermountain.....	110%	91%	107%	100%	107%	90%

* Intermountain was acquired on October 1, 2008.

** Degree days are a measure of the daily temperature-related demand for energy for heating.

Electric and Natural Gas Distribution
KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008*
Capitalization (000's)						
Common equity.....	\$ 865,805	\$ 814,341	\$ 792,094	\$ 767,013	\$ 733,582	\$ 621,621
Preferred stocks.....	15,000	15,000	15,000	15,000	15,000	15,000
Total debt.....	855,433	720,794	652,367	690,567	666,927	782,505
	<u>\$1,736,238</u>	<u>\$1,550,135</u>	<u>\$ 1,459,461</u>	<u>\$ 1,472,580</u>	<u>\$1,415,509</u>	<u>\$1,419,126</u>
Capitalization ratios						
Common equity.....	50%	53%	54%	52%	52%	44%
Preferred stocks.....	1%	1%	1%	1%	1%	1%
Total debt.....	49%	46%	45%	47%	47%	55%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Capital expenditures (000's)						
Electric.....	\$ 168,557	\$ 112,035	\$ 52,072	\$ 85,787	\$ 115,240	\$ 72,989
Natural gas distribution.....	101,279	130,178	70,624	75,365	43,820	398,116
	<u>\$ 269,836</u>	<u>\$ 242,213</u>	<u>\$ 122,696</u>	<u>\$ 161,152</u>	<u>\$ 159,060</u>	<u>\$ 471,105</u>

* Intermountain was acquired on October 1, 2008.

Pipeline and Energy Services

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 202,068	\$ 193,157	\$ 278,343	\$ 329,809	\$ 307,827	\$ 532,153
Operating expenses:						
Purchased natural gas sold.....	57,498	50,542	125,355	153,884	138,768	373,872
Operation and maintenance.....	81,846	52,155 *	68,881	90,579 **	63,125	73,759
Depreciation, depletion and amortization.....	29,119	27,684	25,502	26,001	25,581	23,654
Taxes, other than income.....	13,559	13,637	13,240	13,035	10,965	11,308
Total operating expenses.....	182,022	144,018	232,978	283,499	238,439	482,593
Operating income.....	20,046	49,139	45,365	46,310	69,388	49,560
Other income (expense).....	940	482	1,145	(105)	335	548
Interest expense.....	10,330	7,742	10,516	9,064	8,896	8,314
Income before income taxes.....	10,656	41,879	35,994	37,141	60,827	41,794
Income taxes.....	3,390	15,291	12,912	13,933	22,982	15,427
Income from continuing operations.....	7,266	26,588	23,082	23,208	37,845	26,367
Net loss attributable to noncontrolling interest.....	(363)	—	—	—	—	—
Earnings on common stock.....	7,629	26,588 *	\$ 23,082	\$ 23,208 **	\$ 37,845	\$ 26,367
Natural gas gathering asset impairment.....	8,984	1,666	****	****	****	****
Net benefit related to natural gas gathering operations litigation.....	(1,550)	(14,972)	****	****	****	****
Adjusted earnings on common stock.....	\$ 15,063	\$ 13,282	****	****	****	****
Balance sheet data (000's)						
Property, plant and equipment.....	\$ 962,172	\$ 816,533	\$ 719,291	\$ 683,807	\$ 675,199	\$ 640,921
Less accumulated depreciation, depletion and amortization.....	271,136	292,893	296,962	276,941	255,250	234,610
Net property, plant and equipment.....	691,036	523,640	422,329	406,866	419,949	406,311
Other assets.....	107,665	98,830	104,468	116,209	118,281	100,561
Total identifiable assets.....	\$ 798,701	\$ 622,470	\$ 526,797	\$ 523,075	\$ 538,230	\$ 506,872
Adjusted EBITDA (000's)***	\$ 62,458	\$ 57,626	****	****	****	****
Capitalization (000's)						
Common equity.....	\$ 224,936	\$ 203,796	\$ 194,549	\$ 218,388	\$ 221,002	\$ 184,489
Total debt.....	339,074	223,172	147,491	146,500	146,500	146,171
	\$ 564,010	\$ 426,968	\$ 342,040	\$ 364,888	\$ 367,502	\$ 330,660
Capitalization ratios						
Common equity.....	40%	48%	57%	60%	60%	56%
Total debt.....	60%	52%	43%	40%	40%	44%
	100%	100%	100%	100%	100%	100%
Throughput (Mdk)						
Transportation.....	178,598	137,720	113,217	140,528	163,283	138,003
Gathering.....	40,737	47,084	66,500	77,154	92,598	102,064
Total.....	219,335	184,804	179,717	217,682	255,881	240,067
Storage operations						
Certificated capacity (MMcf).....	353,349	353,349	353,349	353,349	353,349	353,349
Maximum peak day deliverability (Mcf) - Feb. 1.....	375,000	379,000	312,000	335,000	375,000	355,000
Maximum day's withdrawal (Mcf).....	353,000	265,623	348,162	372,050	367,591	345,480
Customer natural gas storage balance (Mdk).....	26,693	43,731	36,021	58,784	61,506	30,598
Other data						
Capital expenditures (000's).....	\$ 127,092	\$ 133,787	\$ 45,556	\$ 14,255	\$ 70,168	\$ 42,960
System peak (Mcf).....	704,000	585,864	621,227	656,931	660,567	641,678
Miles of transmission lines.....	3,433	3,439	3,354	3,367	3,367	3,367
Miles of gathering lines.....	1,855	1,951	2,209	2,209	2,193	2,181

* Reflects a net benefit of \$24.1 million (\$15.0 million after tax) related to natural gas gathering operations litigation, largely reflected in operation and maintenance expense.

** Reflects a natural gas gathering arbitration charge of \$26.6 million (\$16.5 million after tax).

*** Based on adjusted earnings.

**** Information not presented for periods prior to 2012.

Note: The company believes that the non-GAAP financial measures shown above are useful to investors because the items excluded are not indicative of the company's continuing operating results. Also, the company's management uses these non-GAAP financial measures as indicators for planning and forecasting future periods. The presentation of this additional information is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

Exploration and Production

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 536,023	\$ 448,617	\$ 453,586	\$ 434,354	\$ 439,655	\$ 712,279
Operating expenses:						
Purchased natural gas sold.....	—	—	—	—	—	74
Operation and maintenance:						
Lease operating costs.....	82,187	77,731	75,563	68,462	70,109	81,926
Gathering and transportation.....	15,384	17,392	24,291	23,468	23,950	24,819
Other.....	42,946	36,994	36,521	32,568	39,231	41,006
Depreciation, depletion and amortization.....	186,458	160,681	142,645	130,455	129,922	170,236
Taxes, other than income:						
Production and property taxes.....	46,565	39,673	40,751	35,474	29,089	54,645
Other.....	1,081	988	25	758	753	819
Write-downs of oil and natural gas properties.....	—	391,800	—	—	620,000	135,800
Total operating expenses.....	374,621	725,259	319,796	291,185	913,054	509,325
Operating income (loss).....	161,402	(276,642)	133,790	143,169	(473,399)	202,954
Other income.....	560	113	235	83	290	501
Interest expense.....	14,315	9,018	7,445	8,580	10,621	12,428
Income (loss) before income taxes.....	147,647	(285,547)	126,580	134,672	(483,730)	191,027
Income taxes.....	53,197	(108,264)	46,298	49,034	(187,000)	68,701
Earnings (loss) on common stock.....	94,450	(177,283)	\$ 80,282	\$ 85,638	\$ (296,730)	\$ 122,326
Unrealized loss on commodity derivatives.....	3,947	392	**	**	**	**
Write-downs of oil and natural gas properties.....	-	246,834	**	**	**	**
Adjusted earnings on common stock.....	\$ 98,397	\$ 69,943	**	**	**	**
Balance sheet data (000's)						
Property, plant and equipment.....	\$ 3,060,848	\$ 2,764,560	\$ 2,615,146	\$ 2,356,938	\$ 2,028,794	\$ 2,477,402
Less accumulated depreciation, depletion and amortization.....	1,588,317	1,405,590	1,248,299	1,109,274	982,008	854,808
Net property, plant and equipment.....	1,472,531	1,358,970	1,366,847	1,247,664	1,046,786	1,622,594
Other assets.....	143,600	180,047	114,709	95,144	90,842	170,198
Total identifiable assets.....	\$ 1,616,131	\$ 1,539,017	\$ 1,481,556	\$ 1,342,808	\$ 1,137,628	\$ 1,792,792
Adjusted EBITDA (000's)*.....	\$ 354,687	\$ 276,577	**	**	**	**
Capitalization ratios						
Common equity.....	69%	65%	72%	71%	66%	70%
Total debt.....	31%	35%	28%	29%	34%	30%
	100%	100%	100%	100%	100%	100%

* Based on adjusted earnings.

** Information not presented for periods prior to 2012.

Note: The company believes that the non-GAAP financial measures shown above are useful to investors because the items excluded are not indicative of the company's continuing operating results. Also, the company's management uses these non-GAAP financial measures as indicators for planning and forecasting future periods. The presentation of this additional information is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

Exploration and Production
KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Production data						
Production:						
Oil (MBbls).....	4,815	3,694	2,724	2,767	2,557	2,232
NGL (MBbls).....	781	828	776	495	554	576
Natural gas (MMcf).....	28,008	33,214	45,598	50,391	56,632	65,457
Average realized prices (excluding realized and unrealized gain/loss on commodity derivatives):						
Oil (per Bbl)..... \$	89.70	\$ 84.84	\$ 91.62	\$ 70.61	\$ 53.57	\$ 89.41
NGL (per Bbl)..... \$	37.39	\$ 39.81	\$ 54.06	\$ 44.93	\$ 32.18	\$ 54.65
Natural gas (per Mcf)..... \$	2.89	\$ 2.08	\$ 3.30	\$ 3.57	\$ 2.99	\$ 7.29
Average realized prices (including realized gain/loss on commodity derivatives):						
Oil (per Bbl)..... \$	89.35	\$ 86.54	\$ 86.20	\$ 69.59	\$ 50.67	\$ 88.66
NGL (per Bbl)..... \$	37.39	\$ 39.81	\$ 54.06	\$ 44.93	\$ 32.18	\$ 54.65
Natural gas (per Mcf)..... \$	2.96	\$ 2.91	\$ 3.84	\$ 4.36	\$ 5.16	\$ 7.38
Average depreciation, depletion and amortization rate, per BOE.....						
	\$ 17.41	\$ 15.28	\$ 12.25	\$ 10.64	\$ 9.85	\$ 12.03
Lease operating costs, including taxes, per BOE.....						
	\$ 8.01	\$ 7.73	\$ 6.81	\$ 5.87	\$ 5.59	\$ 5.97
Well information						
Net productive wells:						
Oil.....	171	266	305	284	258	260
Natural gas.....	1,541	1,571	2,753	3,054	3,121	3,361
	<u>1,712</u>	<u>1,837</u>	<u>3,058</u>	<u>3,338</u>	<u>3,379</u>	<u>3,621</u>
Drilling Activity *						
Net exploratory wells completed.....	5	27	4	7	3	15
Net development wells completed.....	38	40	48	134	104	260
Other data (000's)						
Capital expenditures..... \$	391,315	\$ 554,528	\$ 272,855	\$ 355,845	\$ 183,140	\$ 710,742
Reserve information						
Net proved reserves:						
Oil (MBbls).....	41,019	33,453	27,005	25,666	25,930	25,238
NGL (MBbls).....	6,602	7,153	7,342	7,201	8,286	9,110
Natural gas (MMcf).....	198,445	239,278	379,827	448,397	448,425	604,282
Total proved reserves (MBOE).....	80,695	80,486	97,651	107,599	108,954	135,062

* Drilling activity does not include wells in the process of drilling or under evaluation.

Construction Materials and Contracting
KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 1,712,137	\$ 1,617,425	\$ 1,510,010	\$ 1,445,148	\$ 1,515,122	\$ 1,640,683
Operating expenses:						
Operation and maintenance.....	1,505,191	1,442,551	1,337,456	1,260,362	1,292,016	1,437,933
Depreciation, depletion and amortization.....	74,470	79,527	85,459	88,331	93,615	100,853
Taxes, other than income.....	38,847	37,483	36,003	33,410	36,221	39,048
Total operating expenses.....	1,618,508	1,559,561	1,458,918	1,382,103	1,421,852	1,577,834
Operating income.....	93,629	57,864	51,092	63,045	93,270	62,849
Earnings from equity method investments.....	(640)	3,905	2,255	47	8	234
Other income.....	116	(39)	551	198	242	327
Interest expense.....	17,394	15,211	16,241	19,859	20,495	24,291
Income before income taxes.....	75,711	46,519	37,657	43,431	73,025	39,119
Income taxes.....	24,765	14,099	11,227	13,822	25,940	8,947
Earnings on common stock.....	\$ 50,946	\$ 32,420	\$ 26,430	\$ 29,609	\$ 47,085	\$ 30,172
Balance sheet data (000's)						
Property, plant and equipment.....	\$ 1,510,355	\$ 1,504,981	\$ 1,499,852	\$ 1,486,375	\$ 1,514,989	\$ 1,524,029
Less accumulated depreciation, depletion and amortization.....	777,731	726,647	683,621	630,228	585,824	522,178
Net property, plant and equipment.....	732,624	778,334	816,231	856,147	929,165	1,001,851
Other assets.....	573,184	592,918	557,795	526,689	520,304	550,445
Total identifiable assets.....	\$ 1,305,808	\$ 1,371,252	\$ 1,374,026	\$ 1,382,836	\$ 1,449,469	\$ 1,552,296
EBITDA (000's).....	\$ 167,575	\$ 141,257	\$ 139,357	\$ 151,621	\$ 187,135	\$ 164,263
Capitalization ratios						
Common equity.....	68%	64%	68%	68%	70%	66%
Total debt.....	32%	36%	32%	32%	30%	34%
	100%	100%	100%	100%	100%	100%
Other data (000's)						
Capital expenditures.....	\$ 34,607	\$ 45,083	\$ 52,303	\$ 25,724	\$ 26,313	\$ 127,578
Aggregate reserves (tons).....	1,083,376	1,088,236	1,088,833	1,107,396	1,125,491	1,145,161
Sales (000's)						
Aggregates (tons)	24,713	23,285	24,736	23,349	23,995	31,107
Asphalt (tons).....	6,228	5,988	6,709	6,279	6,360	5,846
Ready-mixed concrete (cubic yards).....	3,223	3,157	2,864	2,764	3,042	3,729

Construction Services

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 1,039,839	\$ 938,558	\$ 854,389	\$ 789,100	\$ 819,064	\$ 1,257,319
Operating expenses:						
Operation and maintenance.....	910,637	831,854	778,505	719,684	736,299	1,122,704
Depreciation, depletion and amortization.....	11,939	11,063	11,399	12,147	12,760	13,398
Taxes, other than income.....	32,017	29,110	25,341	23,917	25,750	39,732
Total operating expenses.....	954,593	872,027	815,245	755,748	774,809	1,175,834
Operating income.....	85,246	66,531	39,144	33,352	44,255	81,485
Other income.....	777	461	382	497	1,013	142
Interest expense.....	4,306	4,435	4,473	4,411	4,490	4,893
Income before income taxes.....	81,717	62,557	35,053	29,438	40,778	76,734
Income taxes.....	29,504	24,128	13,426	11,456	15,189	26,952
Earnings on common stock.....	\$ 52,213	\$ 38,429	\$ 21,627	\$ 17,982	\$ 25,589	\$ 49,782
Balance sheet data (000's)						
Property, plant and equipment.....	\$ 134,948	\$ 130,624	\$ 124,796	\$ 122,940	\$ 116,236	\$ 111,301
Less accumulated depreciation, depletion and amortization.....	76,762	78,776	74,396	72,569	67,712	60,975
Net property, plant and equipment.....	58,186	51,848	50,400	50,371	48,524	50,326
Other assets.....	392,428	377,699	368,119	337,256	280,371	425,766
Total identifiable assets.....	\$ 450,614	\$ 429,547	\$ 418,519	\$ 387,627	\$ 328,895	\$ 476,092
EBITDA (000's).....	\$ 97,962	\$ 78,055	\$ 50,925	\$ 45,996	\$ 58,028	\$ 95,025
Capitalization ratios						
Common equity.....	74%	68%	61%	65%	66%	68%
Total debt.....	26%	32%	39%	35%	34%	32%
	100%	100%	100%	100%	100%	100%
Capital expenditures (000's).....	\$ 15,102	\$ 14,835	\$ 9,711	\$ 14,849	\$ 12,814	\$ 24,506

Other

KEY FINANCIAL AND OPERATING DATA

Years ended December 31,	2013	2012	2011	2010	2009	2008
Income statement data (000's)						
Operating revenues.....	\$ 9,620	\$ 10,370	\$ 11,446	\$ 7,727	\$ 9,487	\$ 10,501
Operating expenses:						
Operation and maintenance.....	798	3,325	4,700	4,876	8,073	5,951
Depreciation, depletion and amortization.....	2,050	2,010	1,572	1,591	1,304	1,283
Taxes, other than income.....	123	151	150	402	329	380
Total operating expenses.....	2,971	5,486	6,422	6,869	9,706	7,614
Operating income (loss).....	6,649	4,884	5,024	858	(219)	2,887
Earnings from equity method investments.....	508	1,478	2,438	30,769	8,491	6,393
Other income.....	427	1,068	966	393	1,389	2,303
Interest expense.....	15	13	—	47	43	374
Income before income taxes.....	7,569	7,417	8,428	31,973	9,618	11,209
Income taxes.....	2,433	2,620	2,238	10,927	2,261	397
Income from continuing operations.....	5,136	4,797	6,190	21,046	7,357	10,812
Income (loss) from discontinued operations, net of tax.....	(312)	13,567 *	(12,926) **	(3,361)	—	—
Earnings on common stock.....	\$ 4,824	\$ 18,364	\$ (6,736)	\$ 17,685 ***	\$ 7,357	\$ 10,812
Other data (000's)						
Capital expenditures.....	\$ 2,249	\$ 791	\$ 18,759	\$ 2,182	\$ 3,196	\$ 774
Identifiable assets****	\$ 219,727	\$ 256,422	\$ 403,196	\$ 391,555	\$ 378,920	\$ 232,149

* Includes a benefit from a reversal of a \$21.0 million (\$13.0 million after tax) arbitration charge related to a guarantee of a construction contract.

** Includes an arbitration charge of \$21.0 million (\$13.0 million after tax) related to a guarantee of a construction contract.

*** Includes a gain on the sale of the Brazilian transmission lines of \$22.7 million (13.8 million after tax).

**** Includes assets not directly assignable to a business (i.e. cash and cash equivalents, certain accounts receivable, certain investments and other miscellaneous current and deferred assets).

Note: Intercompany eliminations have been excluded from this report.