

DRAFT ACCOUNTING ENTRIES

MDU Resources Group, Inc. (MDU Resources) keeps accounts for its operating divisions Montana-Dakota Utilities (Montana-Dakota) and Great Plains Natural Gas (Great Plains) similar to what would apply if Montana-Dakota or Great Plains were separate legal entities. Because the existing legal entity and general ledger will become that of Montana-Dakota, the accounting entries required will be to reclassify any MDU Resources related assets and liabilities, along with its current equity ownership in subsidiaries to the new entity created to become the parent corporation. All long-term debt that exists at MDU Resources was taken out for the benefit of Montana-Dakota and Great Plains. MDU Resources subsidiaries' debt is taken out at the subsidiary level(s). As such, there are no entries necessary related to reclassify long-term debt. The primary assets and liabilities of MDU Resources relates to accrued benefits (pension, post-retirement, etc.). Sample journal entries for each company related to those items are as follows:

Entries Related to Subsidiary Stock Ownership Changes (\$ in millions) – balances to be updated as of 12/31/18

Entry to reclassify equity ownership in subsidiaries to the new entity created that will become the parent. **MDU Resources Group, Inc. (formerly Newco, Inc.)**

DR.	Investment in Subsidiary – Centennial Energy Holdings, Inc. \$1,136
DR.	Investment in Subsidiary – MDU Energy Capital, LLC \$502
DR.	Investment in Subsidiary – Montana-Dakota Utilities Co. \$716
CR.	Various Equity Accounts \$2,354

Entry to reclassify equity ownership in subsidiaries from the new subsidiary created. **Montana-Dakota Utilities Co. (formerly MDU Resources Group Inc., then Newco Sub, Inc. and finally Montana-Dakota Utilities Co.)**

DR.	Various Equity Accounts \$1,638
CR.	Investment in Subsidiary – Centennial Energy Holdings, Inc. \$1,136
CR.	Investment in Subsidiary – MDU Energy Capital, LLC \$502

Entry to reclassify equity ownership of new subsidiary created. **MDU Energy Capital, LLC**

DR. Investment in Subsidiary – Montana-Dakota Utilities Co. \$716
 CR. Various Equity Accounts \$716

Entry to reclassify equity ownership in subsidiaries at the new entity created that will become the parent. **MDU Resources Group, Inc. (formerly Newco, Inc.)**

DR. Investment in Subsidiary – MDU Energy Capital, LLC \$716
 CR. Investment in Subsidiary – Montana-Dakota Utilities Co. \$716

Reclassify MDU Resources Assets/Liabilities

Entry to transfer parent company assets and liabilities from subsidiary's general ledger. **Montana-Dakota Utilities Co. (formerly MDU Resources Group Inc., then Newco Sub, Inc. and finally Montana-Dakota Utilities Co.)**

DR. Accrued Benefit Liabilities Related to MDUR (final \$ amounts pending)
 CR. Accrued Benefit Assets Related to MDUR (final \$ amounts pending)
 DR./CR. Deferred Tax Related to Accrued Benefit Assets/Liabilities Related to MDU
 (final \$ amounts pending)
 DR. Net Benefit Funding from Business Units Liability (final \$ amounts pending)
 DR./CR. Cash (as necessary) (final \$ amounts pending)

Entry to transfer parent company assets and liabilities to parent's general ledger. **MDU Resources Group, Inc. (formerly Newco, Inc.)**

DR. Accrued Benefit Assets Related to MDUR (final \$ amounts pending)
 CR. Accrued Benefit Liabilities Related to MDUR (final \$ amounts pending)
 DR./CR. Deferred Tax Related to Accrued Benefit Assets/Liabilities Related to MDUR
 (final \$ amounts pending)
 CR. Net Benefit Funding from Business Units Liability (final \$ amounts pending)
 DR./CR. Cash (as necessary) (final \$ amounts pending)