Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies

Dividend Yields

May 2012 - October 2012

									Average Dividend
Company	Ticker								Yield
AGL Resources Inc.	GAS								4.64%
Atmos Energy Corp.	ATO								3.93%
Laclede Group, Inc.	LG								4.07%
New Jersey Resources Corp.	NJR								3.47%
Northwest Natural Gas Co.	NWN								3.74%
Piedmont Natural Gas Co., Inc	PNY								3.81%
South Jersey Industries, Inc.	SJI								3.16%
Southwest Gas Corp.	SWX								2.72%
Average									3.69%
Median									3.78%
			 	Price			Ann	ualized	Dividend
<u>-</u>	<u></u>	· · · · ·	 Low	High	Α	verage	Div	vidend	Yield
AGL Resources Inc.	GAS	May-12	\$ 36.59	\$ 40.29	\$	38.44	\$	1.84	4.79%
		Jun-12	36.72	39.32		38.02		1.84	4.84%
		Jul-12	38.45	40.99		39.72		1.84	4.63%
		Aug-12	39.05	41.95		40.50		1.84	4.54%
		Sep-12	39.72	41.72		40.72		1.84	4.52%
		Oct-12	39.65	41.71		40.68		1.84	4.52%
								•	4.64%
Atmos Energy Corp.	ΑΤΟ	May-12	\$ 32.10	\$ 33.93	\$	33.02	\$	1.38	4.18%
		Jun-12	32.52	35.77		34.15		1.38	4.04%
		Jul-12	35.04	37.33		36.19		1.38	3.81%
		Aug-12	34.85	37.10		35.98		1.38	3.84%
		Sep-12	34.91	36.52		35.72		1.38	3.86%
		Oct-12	35.04	36.89		35.96		1.38	3.84%
									3.93%
Laclede Group, Inc.	LG	May-12	\$ 37.70	\$ 40.39	\$	39.05	\$	1.66	4.25%
		Jun-12	36.53	39.86		38.20		1.66	4.35%
		Jul-12	39.63	41.88		40.76		1.66	4.07%
		Aug-12	41.11	43.31		42.21		1.66	3.93%
		Sep-12	41.31	43.47		42.39		1.66	3.92%
		Oct-12	41.17	44.04		42.61		1.66	3.90%
								•	4.07%

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Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies

Dividend Yields

May 2012 - October 2012

				-		-			—		Average
Compony	Tieker										Dividend Yield
Company	Ticker	<u>.</u>									Tield
AGL Resources Inc.	GAS										4.64%
Atmos Energy Corp.	ATO										3.93%
Laclede Group, Inc.	LG										4.07%
New Jersey Resources Corp.	NJR										3.47%
Northwest Natural Gas Co.	NWN										3.74%
Piedmont Natural Gas Co., Inc	PNY										3.81%
South Jersey Industries, Inc.	SJI										3.16%
Southwest Gas Corp.	SWX										2.72%
Average											3.69%
Median											3.78%
						Price			Ann	ualized	Dividend
				Low		High	A	verage	Di	vidend	Yield
New James Personan Com	NJR	May 12	¢	41.47	¢	44.38	¢	42.93	\$	1.52	3.54%
New Jersey Resources Corp.	NJK	May-12 Jun-12	Э	41.47	\$	44.38 44.37	\$	42.93 42.74	Э	1.52	3.54% 3.56%
		Jul-12 Jul-12		41.11		44.57		42.74		1.52	3.30%
				43.40		46.70		45.05		1.52	3.37%
		Aug-12						45.72			3.32% 3.48%
		Sep-12 Oct-12		44.54 44.08		47.53 46.28		40.04		1.60 1.60	
		001-12		44.00		40.28		45.10		1.00	<u>3.54%</u> 3.47%
Northwest Natural Gas Co.	NWN	May 12	¢	AA 07	e	A 6 6 6	¢	45.77	¢	1 70	3.89%
Northwest Natural Gas Co.	IN WIN	May-12 Jun-12	Э	44.87	\$	46.66	\$		\$	1.78	
		Jul-12 Jul-12		45.50 46.35		48.56		47.03 48.05		1.78	3.78%
				46.04		49.74 50.08		48.05		1.78 1.78	3.70% 3.70%
		Aug-12									
		Sep-12 Oct-12		48.01 46.23		50.16		49.09		1.78	3.63%
		001-12		40.23		50.80		48.52		1.82	3.75% 3.74%
Piedmont Natural Gas Co., Inc	PNY	May-12	¢	28.90	¢	30 71	¢	29.81	\$	1 20	1 020/
· icomoni ivatural Gas Co., Ilic	I IN I	Jun-12	Φ	28.90	\$	30.71 33.03	\$	31.37	Ф	1.20	4.03%
		Jul-12 Jul-12		31.14		32.89				1.20	3.83% 3.75%
		Aug-12		31.03				32.02		1.20	3.75%
		Sep-12		31.16		32.42		31.73		1.20	3.78%
		Oct-12		31.03		33.72 32.68		32.44 31.86		1.20 1.20	3.70% 3.77%

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Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies

Dividend Yields

May 2012 - October 2012

											Average
											Dividend
Company	Ticker										Yield
AGL Resources Inc.	GAS										4.64%
Atmos Energy Corp.	ATO										3.93%
Laclede Group, Inc.	LG										4.07%
New Jersey Resources Corp.	NJR										3.47%
Northwest Natural Gas Co.	NWN										3.74%
Piedmont Natural Gas Co., Inc	PNY										3.81%
South Jersey Industries, Inc.	SJI										3.16%
Southwest Gas Corp.	SWX										2.72%
Average											3.69%
Median											3.78%
<u></u>						Price			Anı	nualized	Dividend
		•		Low		High	A	verage	Di	vidend	Yield
South Jersey Industries, Inc.	SJI	May-12	\$	46.52	\$	49.84	\$	48.18	\$	1.61	3.34%
South Jorsey maustries, me.	071	Jun-12	Ψ	47.46	Ψ	51.90	Ψ	49.68	Ψ	1.61	3.24%
		Jul-12		50.93		53.53		52.23		1.61	3.08%
		Aug-12		50.50		53.98		52.24		1.61	3.08%
		Sep-12		50.51		53.81		52.16		1.61	3.09%
		Oct-12		50.24		53.47		51.86		1.61	3.10%
										,	3.16%
Southwest Gas Corp.	SWX	May-12	\$	41.03	\$	43.42	\$	42.23	\$	1.18	2.79%
Soundor Gus Corp.	5.071	Jun-12	Ψ	39.46	Ŧ	44.64	Ψ	42.05	Ψ	1.18	2.81%
		Jul-12		43.34		46.08		44.71		1.18	2.64%
		Aug-12		42.19		45.62		43.91		1.18	2.69%
		Sep-12		42.45		45.08		43.77		1.18	2.70%
		Oct-12		43.08		44.83		43.96		1.18	2.68%
											2.72%

Source: Bloomberg Professional

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Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Projected Earnings Retention Growth Rates

		Value Line	Forecast 2			
		EPS	DPS	ROE	Retention Rate	Retention Growth
AGL Resources Inc.	GAS	\$4.20	\$2.00	12.50%	52.38%	6.55%
Atmos Energy Corp.	ATO	\$2.70	\$1.48	8.00%	45.19%	3.61%
Laclede Group, Inc.	LG	\$3.10	\$1.81	11.50%	41.61%	4.79%
New Jersey Resources Corp.	NJR	\$3.45	\$1.68	14.00%	51.30%	7.18%
Northwest Natural Gas Co.	NWN	\$3.45	\$1.94	12.00%	43.77%	5.25%
Piedmont Natural Gas Co., Inc.	PNY	\$1.85	\$1.35	13.00%	27.03%	3.51%
South Jersey Industries, Inc.	SJI	\$4.50	\$2.25	15.00%	50.00%	7.50%
Southwest Gas Corp.	SWX	\$3.75	\$1.60	10.50%	57.33%	6.02%
Average						5.55%
Median						5.64%

Source: Value Line, September 7, 2012

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Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Blended Growth Rate Estimates

		1/2 Zacks 5-Yr Earnings Growth Est.	1/2 Retention Growth	Weighted Average
AGL Resources Inc.	GAS	4.82%	6.55%	5.68%
Atmos Energy Corp.	ATO	5.83%	3.61%	4.72%
Laclede Group, Inc.	LG	3.00%	4.79%	3.89%
New Jersey Resources Corp.	NJR	3.35%	7.18%	5.27%
Northwest Natural Gas Co.	NWN	4.17%	5.25%	4.71%
Piedmont Natural Gas Co., Inc.	PNY	5.23%	3.51%	4.37%
South Jersey Industries, Inc.	SJI	6.00%	7.50%	6.75%
Southwest Gas Corp.	SWX	4.53%	6.02%	5.28%
Average		4.62%	5.55%	5.08%
Median		4.68%	5.64%	4.99%

Source: Zacks.com and page 4.

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Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Retention Growth DCF Calculation

					Secondary Market:		Primary Market:
			Dividend	Expected	Investor	Flotation	
		Dividend	Yield x	Growth	Required	Cost	Cost of
		Yield	(1 + 0.625g)	Rate (g)	Return	Adjustment	Capital
AGL Resources Inc.	GAS	4.64%	4.83%	6.55%	11.38%	1.0400	11.83%
Atmos Energy Corp.	ATO	3.93%	4.02%	3.61%	7.63%	1.0400	7.94%
Laclede Group, Inc.	LG	4.07%	4.19%	4.79%	8.98%	1.0400	9.34%
New Jersey Resources Corp.	NJR	3.47%	3.62%	7.18%	10.81%	1.0400	11.24%
Northwest Natural Gas Co.	NWN	3.74%	3.87%	5.25%	9.12%	1.0400	9.48%
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.89%	3.51%	7.41%	1.0400	7.70%
South Jersey Industries, Inc.	SJI	3.16%	3.30%	7.50%	10.80%	1.0400	11.24%
Southwest Gas Corp.	SWX	2.72%	2.82%	6.02%	8.84%	1.0400	9.19%
High					11.38%		11.83%
3 rd Quartile					10.81%		11.24%
2 nd Quartile (Median)					9.05%		9.41%
1 st Quartile					8.54%		8.88%
Low					7.41%		7.70%

Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Basic DCF Calculation

					Secondary Market:] [Primary Market:
	<u></u>		Dividend	Expected	Investor	Flotation	
		Dividend	Yield x	Growth	Required	Cost	Cost of
		Yield	(1 + 0.625g)	Rate	Return	Adjustment	Capital
AGL Resources Inc.	GAS	4.64%	4.78%	4.82%	9.60%	1.0400	9.98%
Atmos Energy Corp.	ATO	3.93%	4.07%	5.83%	9.90%	1.0400	10.30%
Laclede Group, Inc.	LG	4.07%	4.15%	3.00%	7.15%	1.0400	7.43%
New Jersey Resources Corp.	NJR	3.47%	3.54%	3.35%	6.89%	1.0400	7.17%
Northwest Natural Gas Co.	NWN	3.74%	3.84%	4.17%	8.01%	1.0400	8.33%
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.93%	5.23%	9.16%	1.0400	9.53%
South Jersey Industries, Inc.	SJI	3.16%	3.27%	6.00%	9.27%	1.0400	9.65%
Southwest Gas Corp.	SWX	2.72%	2.80%	4.53%	7.33%	1.0400	7.62%
High					9.90%		10.30%
3 rd Quartile					9.36%		9.73%
2 nd Quartile (Median)					8.59%		8.93%
1 st Quartile					7.28%		7.57%
Low					6.89%		7.17%

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Montana-Dakota Utilities Co.

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Selected Natural Gas Distribution Companies Blended Growth Rate DCF Calculation

					Secondary Market:		Primary Market:
			Dividend	Expected	Investor	Flotation	
		Dividend	Yield x	Growth	Required	Cost	Cost of
		Yield	(1 + 0.625g)	Rate (g)	Return	Adjustment	Capital
AGL Resources Inc.	GAS	4.64%	4.81%	5.68%	10.49%	1.0400	10.91%
				3.08% 4.72%	8.77%	1.0400	9.12%
Atmos Energy Corp.	ATO	3.93%	4.04%				
Laclede Group, Inc.	LG	4.07%	4.17%	3.89%	8.06%	1.0400	8.38%
New Jersey Resources Corp.	NJR	3.47%	3.58%	5.27%	8.85%	1.0400	9.20%
Northwest Natural Gas Co.	NWN	3.74%	3.85%	4.71%	8.56%	1.0400	8.91%
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.91%	4.37%	8.28%	1.0400	8.62%
South Jersey Industries, Inc.	SЛ	3.16%	3.29%	6.75%	10.04%	1.0400	10.44%
Southwest Gas Corp.	SWX	2.72%	2.81%	5.28%	8.08%	1.0400	8.41%
High					10.49%		10.91%
3 rd Quartile					9.15%		9.51%
2 nd Quartile (Median)					8.67%		9.01%
1 st Quartile					8.23%		8.56%
Low					8.06%		8.38%